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With a Nuclear Blast, China Issues Challenge Beijing Unnerves Its Neighbors With Large Underground Explosion

By Steven Mufson
Washington Post Service

BEIJING — China detonated a nuclear weapon in an underground test Monday, less than a week after it joined other nations backing an indefinite extension of the Nuclear Nonproliferation Treaty.

China is the only country still conducting nuclear weapons tests, disregarding a 1992 voluntary moratorium on testing that is being observed by the other nuclear powers.

The test, conducted at the Lop Nor testing site in the western province of Xinjiang, registered 5.9 on the open-ended Richter scale, according to the Australian Seismological Center in Canberra. Analysts estimated it to be a device equal to 40 to 150 kilotons of TNT.

The blast drew sharp protests from many of China's closest neighbors, especially Japan, Kazakhstan and Australia, and is certain to heighten anxiety in Asia about China's foreign policy.

The United States said in a statement that it regretted the action, noting that it came "only days after the successful conclusion of the NPT extension conference in New York, where China agreed to exercise 'utmost restraint' in nuclear testing pending the entry into force of a comprehensive test ban treaty."

Foreign Minister Gareth Evans of Australia said "Australia is deeply disappointed" about the test. "China's continuing testing is out of step with the positive attitude of the negotiations as well as China's own support for nuclear disarmament and its stated commitment to a comprehensive test ban treaty."

Despite the protests, China is expected to conduct two to four more tests later this year.

A global conference at the United Nations agreed last week to the indefinite extension to the 178-nation Nuclear Nonproliferation Treaty, which seeks to limit the spread of nuclear weapons. A treaty due to be signed next year is supposed to eliminate nuclear weapons tests and limit

nuclear weapons to China, Russia, the United States, France and Britain.

China says it supports the ban on tests, but that it will continue to conduct them until the ban takes effect in 1996. It argues that it has conducted far fewer tests than the United States or Russia. This is believed to be China's 42d nuclear test, far short of the 1,000 conducted by the United States.

"On the question of nuclear tests, China has always exercised great restraint," a Foreign Ministry spokesman said Monday. "It stands for the complete prohibition and thorough destruction of nuclear weapons and has taken an active part in the Geneva talks on the comprehensive test ban treaty."

Analysts say that China is rushing a few more tests in order to upgrade its nuclear weapons arsenal before the ban goes into effect.

Improved weapons would enable China to develop land and submarine-based missiles with increased ranges and multiple warheads capable of hitting several targets.

Japan strongly protested to Beijing over the test Monday and warned that bilateral ties, including economic links, could be harmed.

Japanese Foreign Ministry officials were particularly incensed that the test was carried out only days after Prime Minister Tomiichi Murayama visited China and urged Prime Minister Li Peng to halt all testing.

Other countries fear an Asian arms race could be triggered if Japan grows too anxious about China's intentions.

In the past, Japan has threatened to sever its economic aid to China. The latest explosion is unlikely to help China's attempt to persuade Japan to renegotiate more lenient terms to about \$17 billion worth of concessional loans granted by Japan's Overseas Development Agency. Because of the rise in the value of the Japanese yen, the cost of the loans to

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Virus Experts Now Fear Wide Contagion and Many Deaths

Compiled by Our Staff From Dispatches

KINSHASA, Zaire — Zaire's capital made hasty preparations to fight the deadly Ebola virus on Monday, as the World Health Organization reported a dramatic increase in deaths from the epidemic and said it expected the number of cases to rise in the coming weeks.

The United Nations' health agency, based in Geneva, announced that the deadly virus had now claimed 77 lives, up from a figure of 60 given earlier in the day, out of a total of 84 confirmed cases.

Officials said that medical experts led by WHO in Kinshasa, the town at the heart of the outbreak, were investigating rumors of dozens of other cases and of 15 deaths reported to Zairian health authorities.

"WHO experts expect a significant increase in cases during the next two to three weeks among people who are incubating the disease, after having been exposed to it during the care of relatives or neighbors with hemorrhagic fever," a WHO statement said.

The prognosis represented a clear turnaround for the agency, which had tried to calm fears that the epidemic could spread much beyond Kinshasa.

Health authorities in Kinshasa, meanwhile, reported the first two possible cases of Ebola virus in the capital Monday.

Abdou Moudi, the World Health Organization's representative in Zaire, said two people were being sought so they could be tested for Ebola. He said one was a riverboat captain who was treated at a Kinshasa hospital for diarrhea before being released.

The other suspected case, Mr. Moudi said, was a nurse in Kinshasa who he said had possibly been exposed.

Health workers in the capital distributed graphic posters to raise public awareness and the government tightened quarantine restrictions, saying that journalists who visited the worst-hit town would have to spend 28 days in isolation.

In other measures, the governor of

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Health workers covering their faces on Monday outside the Kikwit hospital, where an outbreak of Ebola virus was first reported a week ago.

Cult Leader Is Target as Tokyo Police Mount Raids

Arrest Warrants Name Guru and 40 Others In Subway Gas Attack

Compiled by Our Staff From Dispatches

KAMIKUISHIKI, Japan — Japanese police staged simultaneous raids Tuesday on the headquarters and other facilities controlled by a cult accused of responsibility for the poison gas attack on the Tokyo subway in March.

Hundreds of police were involved in the raids, which began at about 5:30 A.M.

"We have obtained evidence that the sect has produced sarin within its compound and discovered its members who were involved in the attacks on the subways," a police official said. Sarin was the gas used in the attack.

One of the main targets of the raids was Shoko Asahara, founder and guru of the Aum Shinrikyo sect, who was believed to be hiding in the headquarters in Kamikuishiki, a village 100 kilometers (60 miles) west of Tokyo, at the foot of Mount Fuji.

A police official said similar raids were in progress at 130 locations throughout Japan, including the sect's offices in Tokyo.

The raids started when the police used a circular saw to cut through a steel door on the first floor of a three-story building that was Mr. Asahara's living quarters.

Although cult members have not offered serious resistance to previous arrests, the police were prepared for that possibility on Tuesday. The police involved in the raid carried gas masks in pouches strapped to their waists and wore riot helmets.

All major Japanese television networks carried live coverage of the raids.

"Guru Asahara, at last it's X-day," one commentator said.

More than 200 of Mr. Asahara's followers have been arrested since the March 20 subway attack, all on charges unrelated to that attack.

Nicholas D. Kristof of the New York Times reported earlier from Tokyo:

The Kyoto News Service reported that the police had obtained arrest warrants for Mr. Asahara and 40 other Aum members. The warrants are for murder, ordering murders, and complicity with murder, Kyoto said.

Japanese news organizations, tipped off by police, said they suspected that Mr. Asahara was hiding with aides in a secret chamber of a building at Kamikuishiki.

The raids are particularly delicate because police believe that Aum may have stockpiles of nerve gas, as well as guns and other weapons.

The sect is suspected of not only manufacturing nerve gas, but of experimenting with other poison gases, making machine guns, researching biological weapons and assembling tons of raw materials for dynamite.

Aum preaches its own mix of Hinduism and Buddhism, centering on respect for Mr. Asahara and veneration of the Hindu god Shiva, lord of destruction and creation. Mr. Asahara, a 40-year-old who is partly blind and has a penchant for pink robes, is seriously ill with an uncertain ailment.

The police had appeared reluctant to arrest Mr. Asahara, partly for fear of retaliatory acts by Aum followers. But the police on Monday arrested the sect's intelligence chief, Yoshihiro Inoue, allegedly a central figure in various kidnappings and attacks, and the police now seem willing to go ahead.

Mr. Inoue is suspected of leading the March 20 subway attack on five cars on three lines.

Publicly, the police say nothing about their plans or the information they have gathered. But according to Japanese news reports based on police briefings that foreigners are not allowed to attend, a number of Aum officials now under arrest have confessed to involvement with the gas.

The head of Aum's "chemical squad," Masami Tsuchiya, reportedly acknowledged that he oversaw the manufacture of sarin nerve gas, most recently in January.

Another Aum member under arrest is said to have acknowledged carrying the gas to the subway station on the morning of the attack.

Mr. Inoue was arrested only for obstructing police officers, in line with the police practice of arresting Aum officials for minor offenses. (Reuters, AP)

German Greens Party Moves to Fore as Potential Power Broker

By Alan Cowell
New York Times Service

BONN — In what political analysts depicted as a bellwether change, Germany's upstart, environmentalist Greens Party emerged as the nation's potential kingmaker in local elections that brought no solace at all to the country's political old guard, according to official results on Monday.

The voting on Sunday in the populous, wealthy state of North Rhine-Westphalia and the city-state of Bremen, moreover, produced some of the lowest ever voter turnouts, deepening a sense that some Germans are weary of their traditional politicians.

Although the elections did not directly affect the fortunes of Chancellor Helmut Kohl, their outcome could undermine his coalition in Bonn, since the junior partner, the Free Democrats, fared disastrously,

falling to win the minimum 5 percent of the vote needed to enter either of the contested state legislatures.

It was the latest in a sustained run of defeats for the Free Democrats, who have lost their places in 11 of the 16 state parliaments over the last two years.

And, within the opposition Social Democrats, the vote raised questions over the future of one of the country's most popular politicians, Johannes Rau, the premier of North Rhine-Westphalia, and one-time

coleader for the federal presidency, whose party lost its absolute majority.

The vote changed a fundamental pattern in Germany, where the small Free Democrats have been represented in virtually every national coalition since 1949. While the Free Democrats collapsed in both votes, the Greens doubled their share from 5 percent to 10 percent in North Rhine-Westphalia and made less dramatic advances in Bremen.

Many politicians in the big German parties — the Christian Democrats and the

Germany's most populous state, the Greens have now acquired the role of kingmaker, replacing the Free Democrats," the Infus private research institute said of the North Rhine-Westphalia vote.

Rudolf Scharping, the head of the Social Democrats, said: "The Greens are assuming the role of the Free Democrats in every regard."

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Politics as Usual in France: Scandals Retake Spotlight

By Craig R. Whitney
New York Times Service

PARIS — The presidential elections over, France went back to the politics of corruption scandals on Monday.

Bernard Tapie, a friend of President Francois Mitterrand's who served as minister of urban affairs in a Socialist government in 1992 and 1993, was sentenced to one year in prison and given an additional one-year suspended term for trying to fix a match for the soccer team he used to own.

Henri Emmanuelli, the head of Mr. Mitterrand's Socialist Party, was given a suspended one-year prison term and fined 30,000 francs (about \$6,000) for using a front corporation to funnel kickbacks on government contracts into Socialist coffers, as was once common practice for all major political parties in France. Mr. Emmanuelli said he would appeal.

And Alain Carignon, a conservative member of President-elect Jacques Chirac's Rally for the Republic party who was minister of communications in the national government from 1993 until he was forced to resign last year, went on trial in Lyon on charges of corruption.

As mayor of Grenoble, an office he still holds, Mr. Carignon is charged with accepting gifts and presents worth 21 million francs in exchange for granting the city's water supply concession to a private company.

Mr. Carignon said last week that he would not run again for mayor in municipal elections next month, but he has denied the charges. The trial was adjourned for a week to give the defense more time to prepare; Mr. Carignon was released less than two weeks ago after seven months pretrial imprisonment.

Several close aides of Mr. Chirac's party organization in areas that it controls in the Paris region are also under investigation for alleged kickbacks to the party from companies that were awarded contracts to renovate public housing.

Mr. Chirac, who has been mayor of Paris since 1977, will give up that post before taking over the presidency Wednesday. Neither he nor Mr. Mitterrand have been accused of corruption themselves.

Mr. Tapie, a flamboyant businessman who was a millionaire and once saw himself as a possible candidate for the presi-

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Bernard Tapie leaving the courthouse Monday in Valenciennes, France, after he was sentenced to a year in prison.

Campaign of Rape Emerges in Rwanda

By Donatella Lorch
New York Times Service

KIGALI, Rwanda — When Hutu militiamen came to Gikoro in the midst of Rwanda's ethnic massacres last year, Marie-Chantal begged the Hutu captain directing the killings to spare her. The 18-year-old Tutsi recalled this week how the captain took her by the hand and hid her in a house.

Then he raped her.

She said she was his hostage for nearly a year, first in Rwanda and then, as rebel forces of the mostly Tutsi Rwandan Patriotic Front advanced and ousted the Hutu-dominated government, she was forced to flee with him, his family and more than a million Hutu to Zaire. There she lived locked in a house, where she was repeatedly beaten and threatened with death if she tried to escape.

Last month, she finally got away and made her way to Kigali. She is six months pregnant with the Hutu officer's child, all her

relatives are dead and her life has become a daily battle of shame, fear, ostracism and poverty.

"There were many other girls like me," said Marie-Chantal, sitting curled in a chair and speaking in a whisper as she told her story to government officials and later to a reporter on the condition that her last name not be used. "The militias took them with them. We weren't willing to be raped. We should not be blamed."

Marie-Chantal's story is part of the hidden social and humanitarian tragedy facing Rwanda.

She is one of thousands of women and girls raped by Hutu militiamen and soldiers and to a much lesser extent by rebel soldiers during the ethnic slaughter that erupted in April 1994. The ensuing pregnancies have been largely unwanted and the women have been ostracized by their families and communities.

Many of them have had abortions or have abandoned their infants. Some have committed suicide. Many say their greatest

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Dow Jones		Trib Index	
Up	6.91	Up	0.28%
4437.47	122.05		
0 4P.M.	0 4P.M.		
The Dollar		Previous Close	
New York	Mon. 0 4P.M.	1.448	
DM		1.4361	
Pound		1.574	
Yen		86.375	
FF		5.0305	

Newstand Prices	
Bahrain	0.800 Dh
Cyprus	0.200 Cyp
Denmark	14.00 D.Kr.
Finland	11 F.M.
Gibraltar	0.85 G.P.
Great Britain	0.85 S. Africa
Egypt	5000 E.P.
Jordan	1.00 J.D.
Kenya	150 K.S.
Kuwait	500 Fils
Malta	0.35 c.
Nigeria	110.00 Naira
Oman	1,000 Rials
Qatar	8.00 Qat.
Rep. Ireland	0.85 P.
Saudi Arabia	0.85 R.
S. Africa	0.85 R.
U.A.E.	0.85 Dirh
U.S. (Eur.)	\$1.10
Zimbabwe	20.00 Zim

AGENDA

Troops in Beirut Fire at Israeli Jets

BEIRUT (Combined Dispatches) — Lebanese troops manning anti-aircraft guns fired at Israeli planes flying reconnaissance missions over the capital, Beirut, and southern Lebanon on Monday night, witnesses and security sources said.

The sources said that gunners near the site of the presidential palace and in Beirut's southern suburbs, a bastion of the Muslim militant group Hezbollah, had fired at the Israeli planes. Witnesses said none of the planes were hit.

Army and Hezbollah gunners also fired at Israeli planes that buzzed the southern town of Nabatieh, security sources said. (Reuters, AP)

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Modern Business Nomads/Life as Rolling Stones

Hotel Is Home, and the High Comes From Flying

By Leslie Wayne
New York Times Service

NEW YORK — They are the road warriors of business. With their platinum frequent-flyer cards and their roll-on luggage, road warriors are the growing number of business travelers who spend more time on the road than in the office — 70, 90, more than a 100 days a year. And they love it.

Hotel clerks know them by name, airlines adore them. Their friends think they are crazy, and their children, if they have them, wonder who they are.

One of them is James Williams, a business executive who stayed in so many different Hilton Hotels in one year — more than 100 — that the company gave him a car and enshrined him in the Hilton Frequent Traveler Hall of Fame.

"I'm always going, just like the Energizer bunny or Moses," said Mr. Williams, 52, who lives in Mesa, Arizona.

Mr. Williams, head of information services for the Luce Press Clipping Service, travels nearly every business day — although he has recently cut back to three or four days a week.

"When you are traveling constantly, you don't have a life and don't realize it," said Mr. Williams, a bachelor. "No way could I have a family and, as far as relationships are concerned, forget about that. I've got lots of friends that I talk to on the phone, but I never get to see them."

Even the Hilton car did him little good. It was a gratis one-year lease, and when it ended, he had driven the Pontiac Sunbird convertible a paltry 2,500 miles (4,000 kilometers). A love life is equally stalled.

"I'm reluctant to get involved in a relationship because I fear the consequences of getting involved and being away," Mr. Williams said. "So I've just avoided it."

There have always been business nomads — from European merchants who traveled the spice routes to Asia to itinerant peddlers on the byways of Old Russia to the Willy Lomans on America's Blue Highways. Mr. Williams and his fellow travelers are the modern equivalent but with a twist: They are the creation of the technology that was supposed to have wiped them out.

The gadgets that let business people fax, phone and surf the Internet from 30,000 feet (9,150 meters) are from the same technology that once promised to eliminate bothersome travel by heralding a new age of video teleconferencing and the information superhighway — business people talking to each other by electronic mail and on television screens.

Instead, the opposite has happened. Advanced telecommunications have made the office portable, and have propelled more business people into a place called the virtual office: an office-in-a-bag that accompanies them as they work above the clouds.

"Futurists see increased travel as a sign that face-to-face contact is becoming more important and the virtual office is making it easier to accomplish."

"These people are leading indicators of what's in store for the rest of us," said Paul Saffo, a director of the Institute for the Future, a research foundation in Menlo Park, California.

A powerful symbol of this trend is Vinton Cerf, one of the founders of the Internet. Mr. Cerf, an MCI Communications executive armed with a powerful laptop computer, spends most of his time on airplanes.

The road warriors, a term coined by the travel industry, are a new class of super-frequent travelers, the top 1 percent of the 40 million or so people who travel for business each year.

Minimum travel to gain road-warrior status is about 50 airplane flights a year and an equal number of hotel nights — an industry



Sue Sobol, who travels for U S West, waiting in her other "office," an airport. Psychiatrists are critical of road warrior behavior.

rule of thumb. At each airline, there are about 20 million to 25 million members in frequent-flyer programs.

And while numbers are sketchy, about 500,000 of those at each carrier travel at road-warrior levels and qualify for elite frequent-flyer bonuses.

Hard-core road warriors, however, easily top those minimum levels. Hilton Hotel executives talk about the management consultant who stayed at their chain 330 nights in 1993 — still a record.

Like wanderers of yore, today's road warriors leave their wives, children and loves in the dust. But while psychologists lament the impact this travel has on relationships, road warriors would not spend their lives any other way. For their part, they say they are happy.

George T. Shaheen, managing partner of Anderson Consulting, espouses the gospel of the virtual office. With an around-the-world itinerary and stayovers at hotels like the George V and the Plaza Athénée in Paris, he is on the road, he estimates, 90 percent of the time. He has no one business base. He owns a house in Atherton, California. But he has offices in New York, Chicago, Palo Alto, California, and points beyond.

Even Anderson employees who report directly to him can live wherever they want.

"They just have to be willing to travel to see me," he said. "We're a totally networked, global organization. We don't warehouse our consultants. They have a territory — the territory of the globe."

Then there are David Sams and his wife, Eagle, owners of SBL Vision Merchants, a company in Palm Springs, California, that runs corporate meetings. On average, they each take 180 to 200 flights a year, rarely together, and each has more than a million frequent-flyer miles in the bank — so many that they cannot use all the free tickets they have accumulated.

"Lots of times, I'll be going through an airport like Dallas or Chicago and the airline personnel will say 'Oh, we saw your wife here about an hour ago,'" said Mr. Sams, who cut an interview short to pick up his wife at the airport. "We have two cats and a fabulous house in Palm Springs that the cats enjoy and we occasionally visit."

Airlines and hotels love people like the Sams and for good reason: Revenues from road warriors are disproportionate to their numbers. Northwest Airlines estimates that the top 1 percent of those in its World Perks frequent-flyer program contribute 10 percent of all revenues from World Perks customers.

At Hilton Hotels, the 10,000 customers who represent the top 1 percent of the frequent-customer program, Hilton Honors, account for about 15 percent of all revenues from Hilton Honors customers, or some \$60 million.

"I can't begin to describe to you how valuable road warriors are to us," said Cindy Baker, director of marketing operations at Hyatt Hotels Corp.

"You can't put a dollar value on it," she added. "There is no dollar value. They are unbelievably valuable and they are the people we most don't want to lose."

For that reason, hotels and airlines closely guard any information about their best customers and bend over backward to coddle them.

Once a business traveler flies enough miles or stays enough at a hotel chain to reach road-warrior status, hotels and airlines bump them to a special level. They receive gold-, platinum- and diamond-level cards that provide such perks as airplane-seat upgrades; bonus frequent-flyer points; admission to private airline clubs at airports; better rooms and housing on exclusive floors at hotels with round-the-clock snacks; special attendants and private lounges.

"If you want to know what guys really talk about, this is it," said Richard M. Neustadt, a senior adviser at Galway Partners, a telecommunications company in Washington, whose wallet bulges with gold and platinum cards.

"It's locker room comparisons: 'I've got a platinum and you've only got a gold,'" he said.

ROAD warriors spend so much time on the road that the definition of "home" is murky. "It's almost a joke, the words 'welcome home,' because hotels are their home away from home," said Ms. Baker of Hyatt Hotels.

"Sometimes road warriors spend more time with hotel employees than with their families," she added. "They know the doorman and the housekeepers. Then they have to be

reintroduced to their families each weekend. It's amazing how close they get to our employees. They have two families."

Unlike many real families, the hotel family is always cheerful. "Their kids may not smile at them when they get home," Ms. Baker said, "but the front desk will."

For all the grumbling about the grind of travel, most road warriors cannot imagine a traditional 9-to-5 job.

"I love travel," said Marc Hodak, a consultant with Stern Stewart & Co. in New York. "Everything from the isolation of small towns, to the vibrance of big cities to the exotic nature of the Third World."

Mr. Hodak, a divorced father of two who took to the road when he became single again, said: "I like getting taken care of at an airport. I like the airlines thanking me for flying so much and I like the platinum perks. I'm so used to hotels, they are like home to me. I don't take the kindness of strangers personally. I take it for what it is — professional pampering. But it is nice getting taken care of at someone else's expense."

Being a road warrior means never having to make your bed (housekeeping is there). Or worry about the price of a meal (expense account living). Or having to put gas in the car (it's a rental). And from the motion comes meaning.

"Most people have trouble figuring out at the end of any given day just exactly what they have done," said Mr. Neustadt of Galway Partners. "When you travel, you have a sense that you're doing something really concrete. You tease yourself into thinking that you've actually gotten something done."

Psychiatrists who treat high-powered businessmen are familiar with road warriors and are critical.

"It's great if you don't want to be in a committed relationship," said Dr. Wayne Myers, a New York psychiatrist and professor at Cornell Medical Center. "If you do, you're in trouble. Lots of people are not great at intimacy and work makes them feel needed and important. For people where intimacy is not No. 1 on their list, this fits. When they enter the concierge level at the hotel, there's fruit and champagne waiting for them. It's very seductive."

Dr. John Munder Ross, a professor of psychiatry at Cornell Medical Center and a New York therapist, said that some "people choose work that keeps them feeling like a rolling stone."

"Travel makes them feel special and they get taken care of like a baby," he added. "But those back home get left in a lurch. It's very disruptive to home life because it's hard to have real relationships. They have developed a way of being special every time they show up — whether on the road or returning home."

In fact, both Dr. Myers and Dr. Ross said, road warriors make for difficult patients — they always cancel appointments. Dr. Myers treats his road-warrior patients by video telephone when they travel domestically and by regular telephone when they are abroad.

"They are very manipulative," he said.

Menem's Victory Extends to Policy

Argentine Leader's Re-election Validates Changes in Peronism

By Gabriel Escobar
Washington Post Service

BUENOS AIRES — President Carlos Saul Menem, who in six years moved Argentina firmly toward a free-market economy and cemented its re-election to democracy, has won a second term in an impressive affirmation of his changes.

Official returns Monday, based on 80 percent of the Sunday election, gave Mr. Menem 49.5 percent of the vote and a 20-point lead over his main rival, José Octavio Bordón of the center-left Frepaso coalition. The centrist Radical Civic Union was a distant third with 17 percent.

Mr. Menem becomes the first president in 68 years to win re-election, a feat made possible under constitutional revisions last year. Analysts say the election, the third since democracy was restored in 1983, is particularly important because it forces a comprehensive political realignment.

The result appeared to be a boost for the cause of liberal open markets in Latin America at a time when the trend has been under strain because of the collapse of the Mexican peso. Mr. Menem was forced to take austerity measures to prop up Argentina's currency in the wake of that crisis, and some analysts here say the move strengthened his opposition.

Mr. Menem, at a victory news conference in the Casa Rosada, the seat of government, after Mr. Bordón conceded defeat, said he would "pulverize" unemployment just as he had "pulverized" inflation, which he reduced from 4,900 percent in 1989 to zero in the last few months.

Surrounded by his cabinet, and while scores of festive supporters in the historic Plaza de Mayo awaited his appearance, Mr. Menem said his administration had been able to perform "major surgery without anesthesia."

"Argentina is walking. That we had problems, there is no doubt. That perhaps we will continue to have problems, there is no doubt," he said, alluding to such challenges ahead as keeping a balanced budget

and renovating governance of the provinces. "But there is no doubt that we will use all our strength to overcome them."

The showing of the Radical Civic Union's candidate, Horacio Massaccesi, signaled the eclipse, at least for now, of a party that has been at the core of Argentine political discourse for a century. At the same time, the election confirms the strength of Mr. Bordón's center-left coalition, which has drawn support from Radicals and Peronists.

Perhaps more important, in terms of the near future, is the popular support given to the Peronist Party of Mr. Menem, a populist, statist movement founded by Juan Perón that is celebrating its 50th anniversary.

Mr. Menem's wide-ranging privatizations and other market-oriented changes altered some of the basic tenets of Peronism and alienated part of what once was the backbone of the movement — union workers whose job security depended on state-owned monopolies. The unions have seen their ranks greatly diminished during Mr. Menem's first term.

The fact that Mr. Bordón, until recently a Peronist, was Mr. Menem's chief rival is indicative of the fight for the soul of the party. Some analysts said the election was a referendum not only on Mr. Menem but also on his redefinition of Peron's message.

"It is a fundamental transformation of the system," Rosendo Fraga, a political analyst, said of the elections, in particular the role Peronism has played since 1945. "The political system, after May 14, will be different."

Victor de Gennaro, the secretary-general of the anti-Menem Congress of Argentine Workers, called the outcome "the re-composition of political forces."

"Every day there is less ideological loyalty, which is something that used to identify the Argentine people," he said. "Whoever was a Peronist was a Peronist his whole life. Whoever was a Radical was one for life."

TRAVEL UPDATE

Eastern Europe Leads Travel Trend

MADRID (Reuters) — The tourist industry is growing faster in central and eastern Europe than anywhere else, the World Tourism Organization said Monday.

The Madrid-based intergovernmental organization, said the number of tourists visiting Europe grew 3.9 percent, to 320 million in 1994, and tourism receipts for the continent were up 10.3 percent, to \$167 billion.

Healthy growth rates were due to economic recovery, strengthening of European currencies against the dollar and more travel from the United States and Japan.

Vast Royal Tomb Uncovered in Egypt

CAIRO (Reuters) — Archaeologists working in Egypt's Valley of the Kings have uncovered a vast royal tomb that may be the biggest pharaonic burial chamber ever found, Egyptian authorities said Monday.

In February, U.S. archaeologists explored the tomb, containing at least 67 chambers. The archaeologists believe these sons of the powerful pharaoh Ramses II were buried there 3,000 years ago.

Abdelhalim Nourredin, head of the antiquities council, described the tomb as magnificent, even though it was in poor condition and had been badly looted by grave robbers.

The entrance to the tomb was discovered during the last century in the rugged limestone walls of the valley, just 30 meters (32 yards) from the tomb of Ramses II, but floodwater debris had blocked off all but three of the outermost chambers. In February, Mr. Weeks' team found a passageway leading past 20 chambers to a statue of Osiris, god of the underworld. The corridor then divided into two more passages, each with 20 rooms, which end in stairs leading perhaps to more rooms.

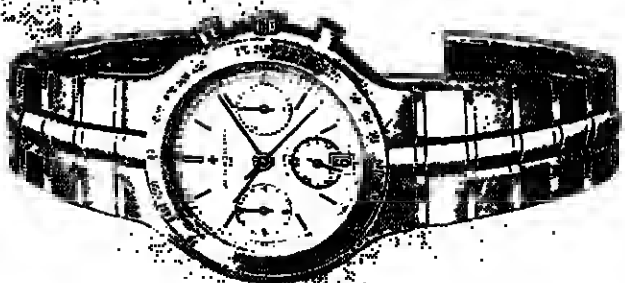
The trade union that represents flight crews for the Russian international carrier Aeroflot called a weeklong, work-to-rule protest Monday. Airline officials said flights were operating normally.

China Airlines, Taiwan's flag-carrier, said it will double the number of flights between Taipei and Kuala Lumpur to 14 a week beginning Tuesday.

Pilots and flight attendants of Slovenia's state-owned airline, Adria Airways, said Monday that they were prepared to launch the first strike in the airline's history on May 22 to protest overwork.

VACHERON CONSTANTIN

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THE AMERICAS

Clinton Denounces NRA and Vows to Defend Gun Ban

WASHINGTON — President Bill Clinton stood before hundreds of police officers as they mourned murdered comrades Monday and denounced the National Rifle Association for maligning federal agents as "jack-booted government thugs."

Taking on one of Washington's most powerful lobbies, the president pledged to defend his ban on assault weapons against NRA activists.

In a speech at the 14th annual National Peace Officers' Memorial, the president challenged NRA lobbyists to "pressure Congress all they want," adding:

"But as long as I am president, that ban will be the law of our land."

At a ceremony to honor the 157 officers and federal agents killed in the line of duty in 1994, he praised former President George Bush for resigning his NRA membership to protect a fund-raising letter by the organization that referred to federal law enforcement agents as "jack-booted government thugs."

The letter also asserted that the Clinton administration gives federal agents permission to "murder law-abiding citizens."

Mr. Clinton said: "Law enforcement officers in this country deserve our respect and support. No one has the right to run them down or to

suggest that somehow it is all right for them to be put in harm's way."

"That is not the American way, and anybody who does it ought to be ashamed of themselves."

The NRA has defended the letter, saying it hoped to draw attention to abuses by federal agents, especially those of the Bureau of Alcohol, Tobacco and Firearms.

The president has criticized talk radio hosts like G. Gordon Liddy and others for saying that Americans have a right to defend themselves against federal agents.

He also has a history of hating the NRA, going back to his days as Arkansas' governor. But his remarks Monday were especially stern.

Taking the offensive, the White House hoped to blunt NRA criticism of the Clinton administration's actions in the 1993 raid on the Branch Davidian sect.

Congress will hold hearings on the Waco, Texas, assault that threatened to feed fears about powerful government agents and undermine Mr. Clinton's anti-terrorist legislation.

To defend its views, the NRA took out full-page advertisements in several major newspapers Monday, in which the organization's president, Thomas L. Washington, urged Mr. Bush to reconsider his decision after the hearings on the

actions of the Bureau of Alcohol, Tobacco and Firearms in the Waco raid are completed.

"I firmly believe that after a thorough congressional examination" of the bureau's actions, "you will agree that our words have been more truth than slander," Mr. Washington wrote.

A spokesman for Mr. Bush in Houston said the former president "has no intention of reconsidering." In a commencement address Sunday at the College of William and Mary in Virginia, Mr. Bush urged graduates to "speak up against the excesses of these crazy people."

A warm, brisk wind whipped between the monuments and museums on the Mall where 5,000 people, most in police uniforms, honored 157 officers and federal agents killed on duty in 1994.

Surviving spouses and children wore red carnations and set up front. Officers wore thin black bands over their police badges in honor of the dead.

In the ceremony to honor slain officers, Mr. Clinton told police: "I will not allow you to be outnumbered or to be outgunned."

He said Congress will not overturn the 1994 ban on certain assault weapons, or the Brady law, which requires a five-day waiting period to purchase handguns.

At the White House, the president's spokes-

man, Michael McCurry, accused the rifle association of trying to divert attention from the Oklahoma City bombing and related anti-terrorist legislation by pressing for hearings into the Waco raid.

The White House has also singled out Newt Gingrich, the speaker of the House, who said the president's terrorism legislation would be slowed by the promotion of an FBI official who worked on the raid.

Mr. Clinton said Republicans and Democrats set a deadline of Memorial Day to give police more power to combat terrorists.

"Since then, we have seen disturbing signs of the old politics of diversion and delay," he said.

"This plays into the hands of those who would blame the law enforcement officers who keep the law, rather than the criminals who break it."

In recent days, administration officials have admitted that mistakes were made in the raid that resulted in the deaths of 80 Branch Davidians.

But they said that Congress has already reviewed the case, and argue that the Branch Davidians broke the law and refused to surrender.

Mr. McCurry suggested that the administration would not welcome Waco hearings before the anti-terrorist legislation is passed.

POLITICAL NOTES

New Hat for Hillary? Aide Scoffs

WASHINGTON — Hillary Rodham Clinton freely gives her husband advice on his 1996 re-election campaign but is not "overly preoccupied" with details, President Bill Clinton's spokesman said Monday.

"I strongly suspect she's got a lot better things to do with her time," said the White House press secretary, Michael McCurry.

Mr. McCurry poked fun at a published account suggesting that Mrs. Clinton had become the "unofficial political director" of the White House.

"The first lady is one of the president's closest and most trusted advisers, and his wife," he said. "And, as many spouses do, they talk about a whole range of things. So I don't think it's any surprise that they talk about everything ranging from politics to the weather to what they're going to have for dinner."

He was responding to a report in the Washington Times on Monday that Mrs. Clinton had taken the reins of her husband's 1996 campaign, including overseeing the search for a campaign manager.

"She advises the president," Mr. McCurry said. "I'm not aware that she's become overly preoccupied with the minutiae of an election campaign."

White House aides said privately that Mrs. Clinton was actively engaged in planning for the 1996 campaign. But, Mr. McCurry said, "There certainly is no formal role there and certainly nothing that is anything but transparent."

(AP)

Key Republicans Differ on Tax Cut

WASHINGTON — As the House and Senate prepare to debate watershed plans to balance the federal budget, the authors of the Republican plans have differed over whether the final version of the proposal should include a huge tax cut that would almost certainly draw a presidential veto.

In broadcast interviews, the chairmen of the two budget committees that wrote and approved the measures appeared to be at loggerheads over the tax question. The House budget plan includes a \$340 billion tax cut for businesses and individuals, while the Senate plan leaves taxes at their current level.

"The debate about whether we ought to have tax relief in the budget" is over, Representative John R. Kasich of Ohio, the House chairman, said.

His counterpart, Senator Pete V. Domenici of New Mexico, said he was sticking by his position. "We don't have a tax cut until we balance the budget," he said.

(NYT)

Bill Seeks Welfare Middle Ground

WASHINGTON — The chairman of the Senate Finance Committee is drafting legislation to ease control of welfare programs to the states, but it drops spending restrictions sought by conservatives in his own party. The plan by Senator Bob Packwood drew quick criticism from Republicans and Democrats, as the Oregon Republican seeks a middle ground in the welfare debate.

Mr. Packwood, whose committee is key to any welfare legislation, wants to allow states to take over welfare programs, backed by federal money sent in the form of block grants.

(AP)

Quote / Unquote

Coretta Scott King on the swearing-in of Myrlie Evers-Williams as chairwoman of the National Association for the Advancement of Colored People: "Let the forces of reaction and polarization take note that the NAACP is now more united and determined to resist the forces that want to turn back the clock."

(NYT)



FATAL STORM — Ed Heinbach amid the ruins of his home after a tornado in Lanesburg, Indiana, killed his son.

Away From Politics

Myrlie Evers-Williams, 44, has become sworn in as the new chairwoman of the National Association for the Advancement of Colored People.

An unwed father who lost a court battle to force the mother to give his 3-year-old son his last name fatally shot the boy and killed himself in Easton, Pennsylvania.

A motorboat carrying a 34-year-old groom-to-be on an early-morning bachelor cruise collided with a coal barge in

Parkersburg, West Virginia, killing the groom and three other men.

(AP)

Investigators recovered the cockpit voice recorder and the flight data recorder from an air force C-130 transport plane after it crashed in the desert near Colorado Springs, Colorado, killing all six people aboard.

(AP)

Searchers looked on foot and horseback Monday for a 12-year-old boy who disappeared Friday during a class trip to

(AP)

the Black Hills around Custer, South Dakota.

(AP)

Captain Lawrence Rockwood says a court-martial panel spared him jail time for making an unauthorized inspection of a Haitian prison to defuse his allegations against his superiors. The panel, sitting in Fort Drum, New York, convicted the 15-year army veteran on charges stemming from his investigation of reported abuses at the National Penitentiary in Port-au-Prince.

(AP)

Partial Withdrawal Offered by Mexico

SAN ANDRES LARRAINZAR, Mexico — Government negotiators proposed a compromise Monday in talks with Zapatista rebels and offered to withdraw troops from some rebel areas in southern Mexico.

Negotiators for the rebels were clearly displeased with the proposal, but promised to take it to their communities for consultations.

The Zapatista National Liberation Army has demanded that the troops withdraw entirely to positions they held before a government offensive in February in the state of Chiapas.

The mostly indigenous Zapatistas rose up on Jan. 1, 1994, demanding sweeping social and political reform in Chiapas, Mexico's poorest state.

"It is clear that they do not want to be serious in this dialogue," the rebel negotiator said after the talks recessed.

Earlier talks stalled on the troop placement issue and broke off on April 23. Negotiations resumed Saturday.

On Monday, the government offered a withdrawal of troops from positions near 11 villages where residents strongly support the rebels. Rebels would be in charge of security in those areas, according to a government statement released to the press.

The arrangement, if approved by the rebels, would remain in place pending further agreements.

Cities Can't Bar Sites for Disabled

WASHINGTON — Cities cannot use zoning laws aimed at creating single-family neighborhoods to exclude group homes for the disabled from such areas, the Supreme Court ruled Monday.

Barring group homes from such neighborhoods would violate a federal law that protects the physically and mentally disabled from housing discrimination, the court ruled, 6-3, in a case from Washington state.

Christian Right Readies Its Own 'Contract'

By Thomas B. Edsall
Washington Post Service

WASHINGTON — The Christian right is poised to capitalize on its growing power in the Republican Party to press for enactment of its own "Contract With the American Family," including individual religious expression in schools and a ban on an abortion procedure.

The proposals, which the Christian Coalition and a number of allied groups will detail at a news conference this week, have been market-tested by the pollster Frank Luntz, who will assure Republican leaders that each item has an approval rating of at least 60 percent.

"I do expect generally favorable treatment by this Congress," said Ralph Reed, executive director of the Christian Coalition. "I am absolutely confident that virtually every provision will be passed by this Congress or by a subsequent Congress."

Mr. Luntz's testing of the proposals was designed in part to allay the fears of Republican leaders, many of whom have been very reluctant to enter terrain that could alienate supporters who are conservative fiscally but more liberal socially, especially suburban women. Many moderate Republicans believe that the socially conservative tenor of the 1992 Republican convention hurt many of the party's candidates.

The agenda does not take up such divisive issues as a full-scale ban on abortion or the issue of gay rights.

During the first 100 days of the current Congress, when the House concentrated on the generally economic and procedural issues contained in the Republican "Contract With America," social-issue conservatives became increasingly restive.

Gary Bauer, president of the Family Research Council, and James Dobson, president of Focus on the Family, both met with Republican officials, and Mr. Bauer warned that Christian activists could bolt the party in 1996 if their issues remained neglected by Congress.

The announcement of the Christian Coalition agenda is a

clear signal that conservative organizations pressing social-issue initiatives intend to make sure that the newly elected Republican Congress repeals the strong voter support the constituencies of these groups supplied the party.

In addition to the Christian Coalition and the Family Research Council, such organizations as the American Family Association, Concerned Women for America, the Traditional Values Coalition, the National Right to Life Committee and the Eagle Forum have been pressing to place abortion, homosexuality, condom distribution, religious freedom, homeschooling and the tax treatment of families at the top of the congressional agenda.

Both Newt Gingrich, the speaker of the House, and Bob Dole of Kansas, the Senate majority leader who is running for president as a Republican and needs support from the Christian right, are considered likely to signal sympathy, if not explicit support, for the Contract With the American Family.

The top two items of the Christian Coalition's contract, Mr. Reed said, are the "Religious Equality" amendment, which could have language declaring that nothing in the U.S. Constitution or any state constitution "shall be construed to prohibit a citizen from expressing his or her faith in a public place," and a tough policy on convicted criminals.

Under the crime proposal, he said, convicted federal prisoners would have to work, attend literacy programs if they do not meet reading and writing stan-

dards, and make monetary restitution to their victims.

The Contract With the American Family will also call for the conversion of the National Endowment for the Arts and the National Endowment for the Humanities, the Public Broadcasting System and the Legal Services program into volunteer charities with all federal funding phased out over three years.

The specific abortion procedure the contract would ban is called dilation and extraction.

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If you find the Calibre 89 a little inconvenient for your pocket, our watchmakers have brought together

the more essential complications in a number of wristwatches. You can be assured that each represents the finest watchmaking in the world.

You may find your most treasured possession in the handsome tonneau-shaped, perpetual-calendar watch *fig. 4*. The unique combination of a fly-back date-hand showing the progression of the month, and a minute-repeater, is a refinement that took us about four years to develop.

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Our perpetual-calendar and chronograph combination *fig. 6* finds particular favour among collectors who enjoy the finer points of mechanical watchmaking. Through the sapphire-crystal caseback, you can admire the exquisite hand-finish

of our movements and bring into play the precisely coordinated actions of the column-wheel, levers and gears *fig. 7*.

Impeccable workmanship is taken for granted by those who wear our watches. But if you choose one of the half-dozen or so slim, self-winding, perpetual-calendar repeaters *fig. 8* that we complete each year, you can expect much more. We have encapsulated in our most sophisticated wristwatch the ancient and authentic sound of time. Celebrate a moment — any moment — by making the mechanism ring the hours, quarters and minutes with the pure, clear resonance that only we have been able to achieve in a minute-repeater.

Those who consider a watch is just a watch, so long as it tells the time, will be gratified to learn that in this elegant wristwatch *fig. 9*, time is told both by a minute-repeater and by an observatory-rated chronometer. In it moves the most ingenious compensation device known to horological engineering. The rotating tourbillon cage literally abolishes the watch's regulator from the laws of gravity — removing one of the last obstacles to the final frontier of mechanical precision.

But if you seek that extra dimension to time, to mark your achievement, to inspire your creativity or simply to enjoy sublime watchmaking, you will almost certainly wear one of our timepieces one day. You will then come to recognize the touch of the world's finest watchmakers *fig. 10*, and know that the name on the dial can only be Patek Philippe.

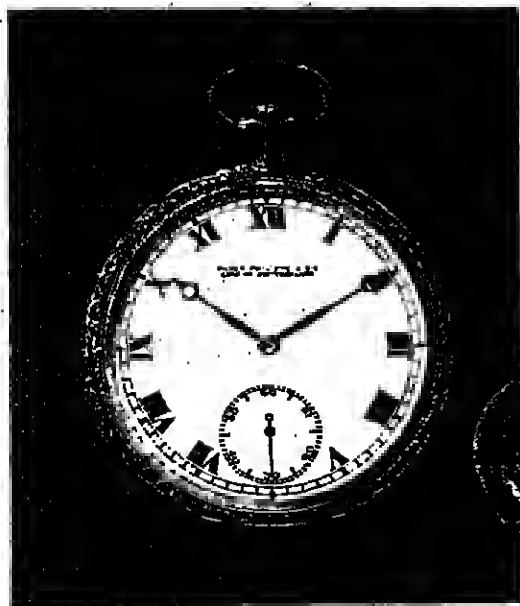


fig. 1: Einstein's daily inspiration.

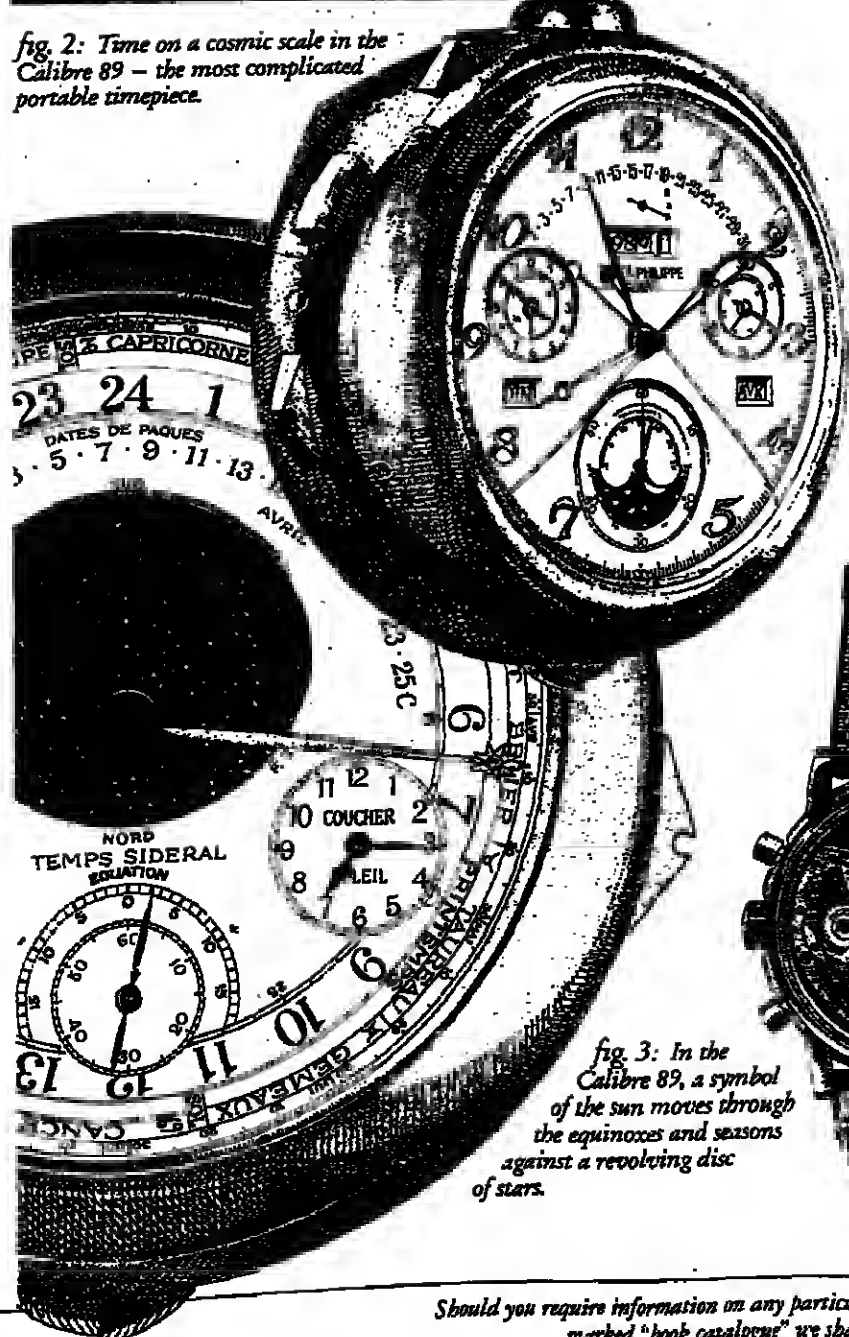


fig. 2: Time on a cosmic scale in the Calibre 89 — the most complicated portable timepiece.

fig. 4: Ref. 5013. Self-winding, minute-repeating wristwatch with perpetual calendar, moon-phase and a retrograde date-hand, which flies back to the beginning of the month after reaching the 28th, 29th, 30th or 31st day. In Patek Philippe wristwatches, the buckle and the hidden pins that secure the strap are of gold.

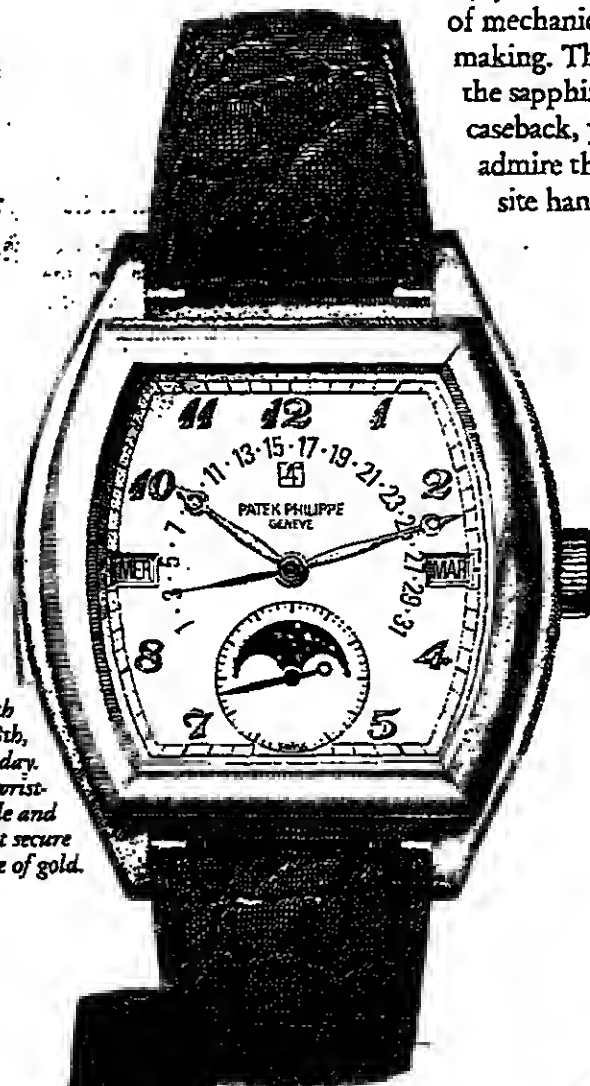


fig. 5: Ref. 3940. The finish on the case and the bracelet reflects the perfect functioning of Patek Philippe's ultra-thin (3.75 mm), self-winding, perpetual-calendar wristwatch with moonphase.



fig. 6: Ref. 3970. The perpetual-calendar chronograph...



fig. 7: ...displaying the poetry of traditional hand-finishing.

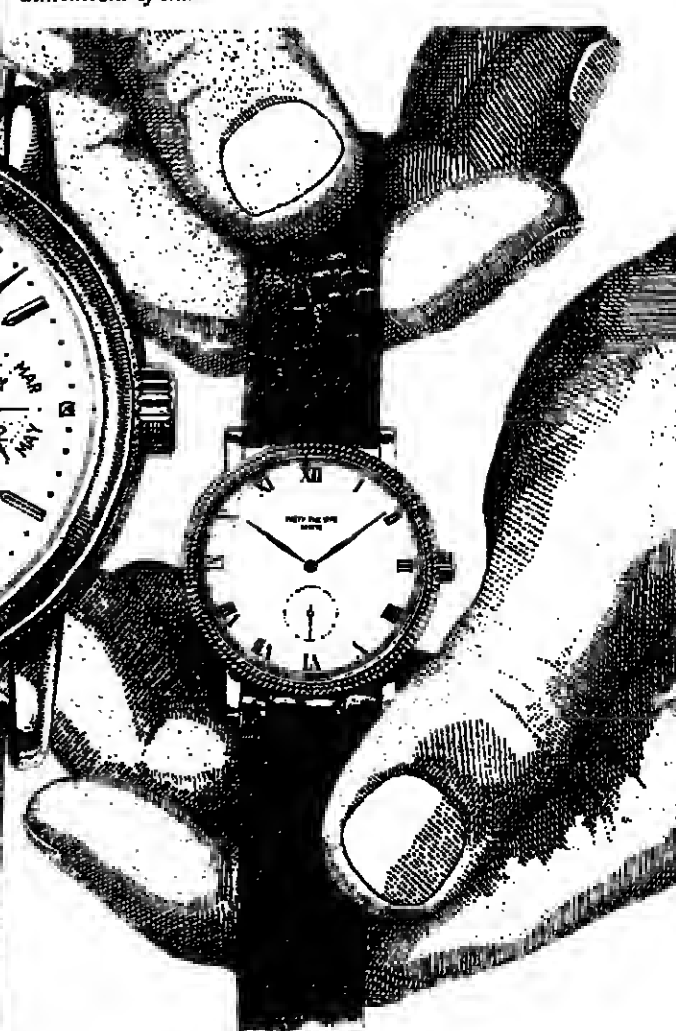


fig. 8: Ref. 3974. The confidence of a smoothly functioning perpetual calendar, and the pleasure of hearing the time, combined in one of Patek Philippe's most sophisticated wristwatches.



fig. 9: Ref. 3939. A minute-repeater which is also a rated chronometer. A tourbillon device cancels out the effects of gravity.

fig. 10: Ref. 3919. The gentleman's classic wristwatch. One of the many introductions to Patek Philippe's dimensions of time.



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INTERNATIONAL

Ivory Coast Moves To Kill Off Crime

Citizens Ask, Who Might Die In Planned Public Executions?

By Howard W. French
New York Times Service

ABIDJAN, Ivory Coast — Shattering a stillness that had been interrupted only by the scratchy strains of a Bob Marley tune echoing from a distant bar, the Ivorian police moved into the sprawling, moonlit maze of shacks that bordered a truck stop to make their latest strike against crime.

With their automatic weapons at the ready, shouting as they went, the officers managed within minutes to rouse everyone from sleeping cargo loaders and mechanics to the women who serve them breakfast in their ramshackle cafés at dawn.

Despite countless protests of innocence, the police marched off with their groggy quarry: a single file of men, mostly immigrants, who would later prove guilty of nothing more than failing to carry a residence card.

Long-used tactics like these have done little to blunt the rise of crime in West Africa's most prosperous big city, where armed holdups have become an almost daily occurrence. So, in the midst of an election year, the authorities in Ivory Coast have introduced a new tactic to their campaign against crime: capital punishment.

"Everyone knows that Africans fear death," Justice Minister Faustin Kouame said in a recent radio interview in which he announced that to increase the effect of the new law, some violent criminals would be executed in public.

Some Ivorians, weary by crime, have expressed support for public executions. But for many others, who either do not endorse the policy or harbor mixed feelings about it, the measure has served to open a searching debate about confidence in the national leaders and the impartiality of justice in a country that only recently emerged from more than three decades of one-party rule.

For many Ivorians, particularly among the educated elite, the newly announced death penalty, like recent arrests of journalists for criticizing President Henri Konan-Bédié, reflects a disturbing authoritarian reflex they see in a leader who 17 months ago succeeded the

founding father of Ivory Coast, Félix Houphouët-Boigny.

If Mr. Houphouët-Boigny was a dictator who held power for 33 years, he was widely beloved for a smooth avuncular style that mixed firmness with generosity, marking a strong contrast with other African dictators of his generation.

The death penalty has always been on the books in the Ivory Coast, but it was never applied by Mr. Houphouët-Boigny, and few say they could imagine him allowing public executions.

"Under Houphouët, we were known as the country of peace and dialogue, and that is what set us apart," said Jean Hyacinthe, an electronics repairman in the downtown Plateau district. "Once leaders try to prove themselves too hard, they can put us on a course that cannot be easily reversed. One day you wake up, and your country is just as rough or rotten as Zaire or Nigeria."

For others, the anti-crime measures are merely the latest sign of a new cynicism creeping into public life as politicians who cut their teeth in the one-party era learn to manipulate issues as they brace for what are expected to be the country's first truly competitive national elections this fall.

Describing public executions as "something out of the Middle Ages," René Degni Segui, a law professor who is president of the Ivorian Human Rights League, said, "The first question one must ask is whether these measures were not taken for political reasons."

But for many ordinary citizens, before questions of moral principle or political style come practical concerns over the fairness of their country's institutions, from the police to the upper reaches of government.

Everyone from a traffic cop to a cabinet minister here is suspected of being subject to persuasion through the well-placed "gift," or bribe.

"The really bad bandits, the ones who are supposed to be doing 20 years in prison, always find their way out," said Faustin Kraidy, 29, a homemaker.

The flip side of letting the guilty go unpunished, many say, is the fear that the innocent will sometimes be found guilty.



Arabs protesting Monday the seizure by Israel of land on which they live in a tent city.

Peres Vows Not to Bend to UN

Compiled by Our Staff From Dispatches

JERUSALEM — Foreign Minister Shimon Peres, vowing to stand firm over land confiscation, said Monday that Arab states and Palestinians must learn to resolve disputes with Israel through dialogue rather than international pressure.

Speaking ahead of a UN Security Council debate on Israeli plans to confiscate land in Arab East Jerusalem, Mr. Peres said that if Israel bowed to the council or the Arab League, the peace process would stop because protests would supplant negotiations.

"Israel cannot capitulate before the Arab League and the Security Council," he told Israeli Radio.

The Arab League is considering holding a summit meeting on the planned seizure of 54 hectares (134 acres) to build housing, mostly for Jews, and an Israeli police station.

Israel's cabinet reaffirmed the confiscation Sunday but, faced with mounting Arab fury, said it had no intention of taking any more land in East Jerusalem for housing.

Arab states on Monday rejected the pledge to refrain from confiscating more Palestinian-owned land in Jerusalem, saying the 54-hectare seizure already had damaged peace efforts.

But Jordan, which signed a peace treaty with Israel in October, called the pledge from Prime Minister Yitzhak Rabin "a step in the right direction."

The secretary-general of the Arab League, Esmat Abdel-Meguid, said Monday in Cairo, "The confiscation of Palestinian land has stirred stormy reaction in the Arab world, and we cannot remain silent on such measures." (Reuters, AP)

Foes in Simpson Trial Irk Judge

Ito Chides Defense Lawyer and a Star Witness

The Associated Press

LOS ANGELES — The judge in the O.J. Simpson trial snapped at the prosecution's star witness and a defense attorney on Monday as another week of testimony about DNA tests began.

Superior Court Judge Lance A. Ito, who has become testy over the nastiness and sluggish pace of the trial, barked, "Wait, wait, wait, wait!" during the cross-examination of Robin Cotton, a scientist by Peter Neufeld, an attorney on Mr. Simpson's defense team.

"First of all, you can't talk at the same time," Judge Ito said. "Secondly, when I say wait, everybody stops, including you, Dr. Cotton, including you, Mr. Neufeld. You can't argue with the witness and with the answer that she's given. You get to ask questions, you get to give answers, doctor. Proceed."

Last week, in a previous flash of frustration, the judge fined Mr. Neufeld and a prosecutor, George Clarke, \$250 each for making improper statements in front of the jury.

The trial week began Monday on a friendly note, with the judge and Mr. Neufeld congratulating a juror who caught a foul ball during a weekend outing to a Los Angeles Dodgers game.

The mood quickly soured, however, when Mr. Neufeld and Dr. Cotton started talking over each other during questioning about DNA test results on a blood stain found on the steering wheel of Mr. Simpson's Bronco. The defense contends that some unknown person contributed to the stain.

Judge Ito has repeatedly warned both sides in the trial not to talk at the same time because it makes it difficult for the court reporter to work.

The incident occurred as Mr. Simpson's defense team pressed a two-pronged attack on critical DNA evidence: challenging the odds of genetic matches and arguing that the odds are meaningless anyway because the evidence had been tampered with.

Dr. Cotton has testified it was all but certain that Mr. Simpson's blood was found at the crime scene. Whether it was left there by Mr. Simpson, however, is a key issue for the defense.

Mr. Simpson's attorneys have suggested that blood swatches were switched in the lab through error or malice, and that some mysterious person rubbed the blood of Mr. Simpson and Nicole Brown Simpson on the steering wheel of his Bronco.

Mr. Simpson, a former football star and actor, has pleaded not guilty to murdering Mrs. Simpson and her friend Ronald L. Goldman.

Mr. Neufeld has said he expected to finish questioning Dr. Cotton quickly. Legal analysts said that the less time he spends questioning her the better.

"He's letting the prosecution's best witness stay up there longer and longer," said Laurie Levinson, a law professor at Loyola University. "Just because the witness testified for three days doesn't mean she has to be cross-examined for three days."

Saudis Close Foreign Schools

Crackdown Is Laid to Religious Police

The Associated Press

RIYADH — Saudi Arabian authorities have shut down more than 30 schools run by foreign missions in Riyadh, apparently because they were violating local laws, diplomats said Monday.

Some diplomats said they were waiting to hear from the Education Ministry on what terms the schools would be allowed to reopen.

The diplomats said some 10,000 expatriate children had been affected by the closures and many foreigners were planning to send their families home.

Work resumed in Saudi Arabia on Monday after a long holiday for the Muslim Feast of Sacrifice, which follows the annual pilgrimage, or Hajj, to Mecca, Islam's holiest shrine.

Hardest hit among the expatriate community were Indians, whose mission runs a school that has more than 5,000 students. It was supposed to reopen Monday but a notice on

the front gates said it would be shut indefinitely.

The school problem surfaced late last month when most African embassies started giving diplomatic cover to Pakistani expatriates to run institutions on their behalf.

The schools enrolled children of other nationalities from among the nearly 5 million expatriates living in Saudi Arabia and were being run on a commercial basis.

According to Education Ministry regulations, no embassy school can run classes beyond the ninth grade. Regulations also stipulate that classes should be completely segregated between boys and girls and that students should be taught Arabic and Islamic studies.

The schools are not allowed to enroll Saudi or other Muslim children. However, many of the Asian and African children are Muslim, but they include Christians among the Filipinos, Indians and Sri Lankans.

None of the schools had complied with these regulations in

recent years, but until now the authorities had not cracked down.

The African and Asian schools had applied to operate under the Saudi Arabian International School system, like the American and British institutions. But the ministry never responded, diplomats said.

They believe the issue may have snowballed because of the involvement of the religious police, who believed that anti-Islamic activities were being conducted in the diplomatic schools, including proselytizing, which is banned in the conservative Islamic kingdom.

The problem seems to be confined to the foreign schools in Riyadh. No embassy-run institution in either Jidda, on the west coast, or the Eastern Province on the Gulf, where large numbers of expatriates work, have been closed.

Riyadh is in the heart of Saudi Arabia and has a large number of the religious police, or mutawana, who enforce Saudi Arabia's Islamic law.

Chirac to Meet Kohl at Border On Thursday

Reuters

PARIS — President-elect Jacques Chirac will meet with Chancellor Helmut Kohl on Thursday in the eastern French city of Strasbourg in a first foreign policy act symbolizing his commitment to French-German partnership.

Several sources said the two leaders would meet in the border city just a day after the conservative Mr. Chirac takes over from the outgoing Socialist president, François Mitterrand.

Mr. Chirac knows Mr. Kohl well from previous government and party contacts. There was no immediate official confirmation of the Strasbourg meeting, but a source close to Mr. Chirac said: "Indeed, President Chirac's first gesture will be to talk with Chancellor Kohl as soon as possible after taking office."



Mr. Kinkel commenting Monday on the failure of his Free Democrats to win any seats in the two state legislatures.

GERMANY: Greens to the Fore

Continued from Page 1

Social Democrats — have been wary of coalition with the left-leaning Greens, viewed by traditionalists as political loose cannons whose foreign policy, rooted in their one-time pacifism, favors a broad and vague European security arrangement over Bonn's longtime commitment to NATO.

The Greens' political platform, moreover, is based on the idea of levying special taxes to finance an ecologically sound reform of industry and transport based on conservation and new technology. The taxes would be raised on energy, fuel and waste disposal.

Since the Greens shed their radical wing in an internal power-struggle in 1991, however, the party, in alliance with a former East German pro-democracy group called Alliance 90, has cultivated a less radical image.

In a land where householers use three different kinds of color-coded garbage bins to help recycling and dispose of glass in three different containers, depending on the color of the glass, the advance of an environmentalist party is barely surprising.

While the Greens movement began on the fringes of politics, it is reckoned now to command a solid constituency depicted in various opinion surveys as young, wealthy and educated, with a higher proportion of women supporters than men.

The danger for the Free Democrats now is that their disastrous showing in local polls will enervate the party, undermine its leadership and leave it in a poor position at the next national elections in three years' time. That, according to some analysts, would give the Greens powerful influence as Germany's third national party.

"This was an earthquake of federal dimensions," said Reinier Priggen, a Greens politician in North Rhine-Westphalia, reflecting the argument that the trend toward the Greens cannot be ignored by the governing coalition in Bonn.

An influential newspaper, Süddeutsche Zeitung, said

Monday that the vote showed that Germans as a whole wanted a "red-green coalition," or alliance of Social Democrats and Greens.

Since national elections in October, Chancellor Kohl's coalition with the Free Democrats has survived with only a 10-seat majority in the 672-member Bundestag. Even then, the Greens secured 49 seats compared with the Free Democrats' 47 seats.

The Free Democrats' chairman, Klaus Kinkel, who is also Germany's foreign minister, sought Monday dismissal talk that his leadership was under threat, declaring: "I have never considered resigning."

The provisional official results showed that the Social Democrats' share of the vote in North Rhine-Westphalia had slipped from 50 percent to 46 percent. Mr. Kohl's Christian Democrats increased their share from 36.7 percent to 37.7 percent.

The Free Democrats got 4 percent, down from 5.8 percent in 1990.

The voting in Bremen followed a similar pattern.

BLAST: China Unnerves Neighbors

Continued from Page 1

China has soared. The timing of other nuclear tests by China has also irked other nations. In June, just two weeks after President Bill Clinton renewed China's preferential trade status last year, China conducted a nuclear test.

The last test explosion was carried out Oct. 7.

The only nuclear powers permitted under the just-signed United Nations treaty would be the United States, Russia, France, Britain and China. Kazakhstan is in the process of dismantling its nuclear arsenal.

Other nations, such as India, South Africa and Israel, have nuclear weapons capability but do not admit to possessing nuclear weapons. China is believed to have the smallest arsenal of the declared nuclear powers, with 250 to 300 warheads.

India denounces Treaty of Asia, which has an extensive nuclear program that is not open to international inspections, emphatically rejected the renewed Nuclear Nonproliferation Treaty, denouncing Mon-

day it as "perpetuating nuclear discrimination." The New York Times reported from New Delhi.

"Essentially, the indefinite extension of the Nonproliferation Treaty means that the international community has accepted the institutionalization of nuclear double standards," an Indian government spokesman said. "This is conferring legitimacy on these double standards."

India wants all nuclear weapons to be destroyed and all nations with nuclear capability, such as the United States, Russia and Britain, to give up their arsenals.

Poachers in Zimbabwe Turn to Killing Lions

Agence France-Press

HARARE, Zimbabwe — Poachers in Zimbabwe killed at least 32 lions during the last year in a northern tourism district popular for its wildlife, The Herald newspaper reported Monday.

VIRUS: Death Toll Rising

Continued from Page 1

Kinshasa has reinforced roadblocks on the main highway from the Ebola outbreak zone and designated hospitals to isolate anyone who becomes sick.

The WHO message had been that basic precautions such as making medical personnel wear gowns, gloves and protective shoes — should contain the outbreak, but it appeared to have underestimated the number of infections that occurred before the epidemic hit the headlines a week ago.

The virus, for which there is no vaccine or cure, is spread through close contact with blood or bodily fluids and kills by causing uncontrollable bleeding. As many as 9 out of 10 people who contract the disease die.

Doctors in Zaire say that because of the size of Kikwit, 300 kilometers (300 miles) from the capital, the outbreak could prove more serious than a 1976 epidemic that killed several hundred people in a village in northern Zaire.

In Kinshasa, the Health Ministry ordered foreign journalists and TV crews who visited Kikwit to report to a clinic in the capital to start 28 days in quarantine.

At least 23 foreign journalists who went to Kikwit on Sunday were detained by Zairian soldiers at Kinshasa airport for more than an hour on their return.

A senior WHO official, Dr. Giorgio Torrigiani, said the maximum incubation period for the virus, which kills through massive hemorrhaging of body tissue, was thought to be three weeks.

Another World Health Organization spokesman, Thomson Prentice, said the possible spread of the disease to Kinshasa would not represent an acceleration of the epidemic.

"It would not be a great surprise if one case or more than one case occurred in Kinshasa," he said. But Joachim Kreysler, relief health adviser to the International Federation of the Red Cross and Red Crescent Societies, said that given the dire state of hospitals in Kinshasa, the virus could pose serious problems. (Reuters, AP)

SCANDALS: Corruption Retakes Spotlight in France

Continued from Page 1

agency, was given six more months in jail than the prosecution had asked for at the end of its trial two months ago in the northern city of Valenciennes.

The charge was that Mr. Tapie had offered bribes to players of the Valenciennes soccer team to take it easy in a match two years ago against the team he owned, Olympique de Marseille, so that his players could have their energies for a championship match the following week.

The former general manager of Olympique Marseille, Jean-Marie Bernes, received a two-year suspended sentence and a 5,000 franc fine after admitting that he had offered bribes to the game at the express orders of Mr. Tapie, who denied being at the game in question.

He was 160 kilometers (100 miles) away in Paris talking with a Socialist legislator and his aide, Mr. Tapie insisted at first. But after the lawmaker's aide broke down on the stand and said that, counter to her earlier testimony, she and her boss had never seen Mr. Tapie in Paris that day, the former housing minister confessed, "I lied, but I lied in good faith."

Mr. Tapie's lawyers have until May 26 to appeal. He was declared bankrupt in December after facing other charges of embezzlement and tax evasion. "Now that they know they are immune, they are capable of anything," Mr. Tapie said of his judges on Monday, but he did not reveal whether he would fight the sentence.

Mr. Chirac and Lionel Jospin, his Socialist opponent in the presidential elections this spring, both pledged to main-

tain the independence of the French judiciary, whose investigations uncovered the illicit ways all French political parties had used for decades to come up with money, in the absence of a law regulating party finances.

Ex-Blood Bank Chief Free Michel Garretta, the former head of France's national blood bank, who was jailed for distributing AIDS-tainted blood products, has been released on parole, Reuters reported Monday from Paris, quoting a spokeswoman for La Santé prison.

Mr. Garretta was freed automatically for good behavior after serving 30 months, more than half his four-year sentence imposed in 1992 for fraud and criminal negligence in the country's worst modern public health scandal.

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EUROPE

Killing Sets Off a Wild Run for a Seat in Russia's Duma

By Lee Hockstader
Washington Post Service

KASHIRA, Russia — America has the O. J. Simpson trial, but for sheer entertainment in Russia, it was hard to top the election in the 107th District, southeast of Moscow, to fill a vacant seat in Parliament.

This was the election that had it all: murders, sex appeal, chilling televised threats, fascists, Communists, outlandish promises and even a popular former cosmonaut.

All the 107th District lacked, alas, was a genuine democratic candidate.

"We're not really sure what a democrat is any more," said Nikolai, 44, a local policeman who expressed the general bewilderment. "We get all mixed up because there are so many different parties, and we have no idea who does what."

The genesis of Sunday's election was a murder. Actually, two. Sergei Skorochkin, who won the district's seat in 1993 to the Duma, Russia's lower house of Parliament, killed a local businessman last year. Mr. Skorochkin, a liquor

manufacturer, said he shot the man in self-defense, and in any event he claimed immunity from prosecution as a member of Parliament.

Then, in what seemed a revenge killing, Mr. Skorochkin was kidnapped and shot through the head in February. Russian newspapers portrayed it as a mafia-style execution.

The resulting open seat was a dubious prize; the winner will serve only until December, when new elections are scheduled. Nonetheless, the chance to win a seat in the Duma drew 11 candidates, most of whom do not live in the district. Perhaps a third of the 525,000 possible voters turned up to cast ballots.

The most notorious candidate was Alexei Vedenkin, 30, who once was jailed on charges of counterfeiting and extortion. He has a fondness for founding political parties whose emblems bear a swastika and a profile of Hitler.

Early this year, he threatened on national television to kill Sergei A. Kovalev, the human-rights commissioner, for criticizing the Kremlin's war in Chechnya. In the resulting uproar, Mr. Vedenkin was arrested and charged with threatening murder. Then he declared his candidacy

for the Duma — a job, political analysts noted, that would give him immunity from prosecution.

If Mr. Vedenkin was the Beast of the race, its Beauty was Yelena Mavrodi, 24, a svelte former model and the wife of a famous Moscow speculator. Sergei Mavrodi caused an uproar last summer when the huge investment fund he headed went belly up, bankrupting millions of Russians.

Officials called him a swindler and under threat of prosecution, Mr. Mavrodi ran for the Duma — for another seat left vacant by a lawmaker's murder. He won, thereby gaining immunity.

It was rare, but when Yelena Mavrodi appeared in public, wrapped in mink and transported by a white Mercedes-Benz, she was flanked by bodyguards and a spiritual adviser.

Then there was Lieutenant Colonel Stanislav Terekhov, a militant nationalist and anti-Semite who led an assault in connection with the rightist uprising against President Boris N. Yeltsin in October 1993. He was jailed and investigated for the death of a bystander killed by a stray bullet.

The other candidates included Valentin Minakov, a top deputy of the nationalist politician

Vladimir V. Zhirinovskiy, and a couple of lesser known extremists of nationalist and Communist persuasion who favored closing down the free press, reconstituting the Russian empire and cracking down on criminals and homosexuals.

Perhaps the only local contender who appeared to have some support was Nikolai Lopukhov, 25, the owner of a consumer goods store. His campaign technique was concrete: he offered to give away 20 televisions and a car to winners of a lottery open to anyone who voted.

In the end, however, the winner was Gherman Titov, a former cosmonaut who was the first person to fly in space for more than 24 hours. General Titov, who was named a Hero of the Soviet Union, made a two-day space flight in August 1961, less than four months after Yuri Gagarin became the first human in space.

General Titov, 60, running as an independent, won only 8.5 percent of the approximately 229,000 votes cast, but that proved enough. The electoral commission said Monday that he finished ahead of Mikhail Guberman, the director of a textile company, and that Yelena Mavrodi was third.

BRIEFLY EUROPE

EU and Morocco Open Fish Talks

BRUSSELS — The European Union and Morocco started a fourth round of talks Monday to try to conclude a new fisheries agreement, as tension mounted among idle Spanish fishermen, an EU official said.

One fisherman was hurt Friday when about 150 Spanish fishermen clashed with police as they tried to block imports of Moroccan fish at the port of Almeria in southern Spain.

The Spanish fleet, which was forced to leave Moroccan fishing grounds after an EU-Morocco fisheries accord expired at the end of April, held 650 of the 730 licenses for catching sardines, octopus and hake in Morocco's rich fishing grounds.

The EU external trade commissioner, Sir Leon Brittan, pledged last week that the European Union would do its utmost to get a good fishing deal for Spain.

"I assure you the EU understands the enormous importance of this issue to Spain and will do its absolute maximum to achieve a result which is in the interests of Spain and the interests of the EU as a whole," Sir Leon said in Madrid.

The Moroccan agreement is the EU's most important foreign fisheries deal, providing a livelihood for 28,000 fishermen and fish processors in southern Spain, the Canary Islands and Portugal. In exchange for fishing rights, the EU paid Morocco about \$130 million a year under the previous three-year agreement. (Reuters)

Italy Concedes Immigrant Problem

ROME — Defense Minister Domenico Corcione, responding to German criticism, said Monday that Italy was having problems stopping illegal immigrants entering Europe along its eastern shores.

He was quoted by Italian news agencies as saying at a Western European Union meeting in Lisbon, "We cannot deny that there is a problem with our borders being violated." The German interior minister, Manfred Kanther, told a newspaper that Italy was disregarding the spirit of the Schengen accord by letting hundreds of illegal immigrants into the European Union daily.

Mr. Corcione said the Interior Ministry's request for troops to help local police patrol the southeastern Adriatic coast "confirms the problem exists." About 700 troops arrived in the southern Puglia region Wednesday to help stop a steady stream of Albanians, Turkish Kurds and refugees from the former Yugoslavia who have been entering Italy in small boats from Albania. (Reuters)

Extension Is Urged on EU Parley

LONDON — A planned 1996 conference on the shape of the European Union should be extended by one or two years to allow difficult issues to be thrashed out fully, the European Policy Forum, an independent, pro-European British research institute, said Monday.

The group rejected two possible outcomes of the inter-governmental conference — agreement on a stripped-down agenda, or a leap forward by a core of countries — as illusory and dangerous. In a report, the forum said a solution would be to delay the start of the conference to allow proper preparations in hope of reaching a conclusion in late 1997 or 1998. (Reuters)

Sex Wars in the British Military

LONDON — The war of the sexes hit the British military on two fronts Monday when four homosexuals challenged its ban on homosexuals and the Defense Ministry admitted it had unlawfully treated women worse than men.

In a test case brought by three former servicewomen, the Defense Ministry admitted liability after it paid women who took early retirement from the army less than it had paid men. The military settled out of court. An army spokesman said he did not know how much the three women had been awarded. Separately, three gay men and one woman dismissed from the armed forces went to the High Court to challenge Britain's ban on homosexuals serving in the military. The four claimed the ministry had violated their rights under European equality laws by contending that homosexuality is "incompatible with military service."

Gay activists argue that several other NATO member countries allow homosexuals to serve without problems, although recent changes in U.S. law have provoked anger on both sides. (Reuters)

Calendar

European Union events scheduled for Tuesday:

STRASBOURG — European Union meeting on the sidelines of the European Parliament session. Growth projections for 1995-96 to be presented and proposals for financial support for Ukraine to be discussed.

BRUSSELS — European Monetary Committee discusses Commission report of excessive deficits of the EU members.

LUXEMBOURG — President Mary Robinson of Ireland visits the Court of Auditors, European Court of Justice and the European Investment Bank.

LONDON — The EU president, Jacques Santer, meets with Prime Minister John Major of Britain and addresses the Confederation of British Industry. (Sources: Agence Europe, AFP)

Belarus Votes for Closer Ties To Moscow

By Margaret Shapiro
Washington Post Service

MOSCOW — Voters in the former Soviet republic of Belarus, which halfheartedly claimed its independence with the collapse of the Soviet Union in 1991, have signaled a strong desire to return to Moscow's orbit.

Officials in Minsk, the Belarus capital, said Monday that 82 percent of the voters backed a referendum question Sunday put forward by President Alexander Lukashenko to tighten economic ties to Russia, while 83 percent supported restoring Russian as an official language, along with Belarusian.

Mr. Lukashenko, a former state collective farm director, said he would use voter approval of the referendums as a mandate to move toward political reintegration with Russia.

Voters also overwhelmingly approved a referendum question that would restore symbols similar to those used in the Soviet era. Elections were held for a new Parliament as well but only a handful of races were decided Sunday because most people only voted for the referendum questions.

Across the former Soviet Union, a nostalgia for the stability of the Soviet era is growing, fueled by nearly four years of economic and political uncertainties.

Nowhere is that nostalgia stronger than in Belarus, which unlike many former Soviet republics had never, until 1991, been an independent nation.

After the Soviet collapse, Belarus went through a brief period of pro-independence and pro-democracy euphoria as in many former republics. But that period vanished swiftly as the reality of severed links with Moscow and the economic chaos it unleashed hit. The country has barely moved forward on free-market reforms.

Mr. Lukashenko was elected president in 1994, promising rapid economic reintegration with Russia, an end to price increases and a halt to fledgling efforts at privatization. He had demanded Sunday's referendums, which also included a proposal that would allow him to dissolve Parliament if it violated the constitution.

"The president is very pleased that his policies coincide with the view of the people," said Vladimir Zanulin, a spokesman for the president. "He will make public his plans for the future very soon."

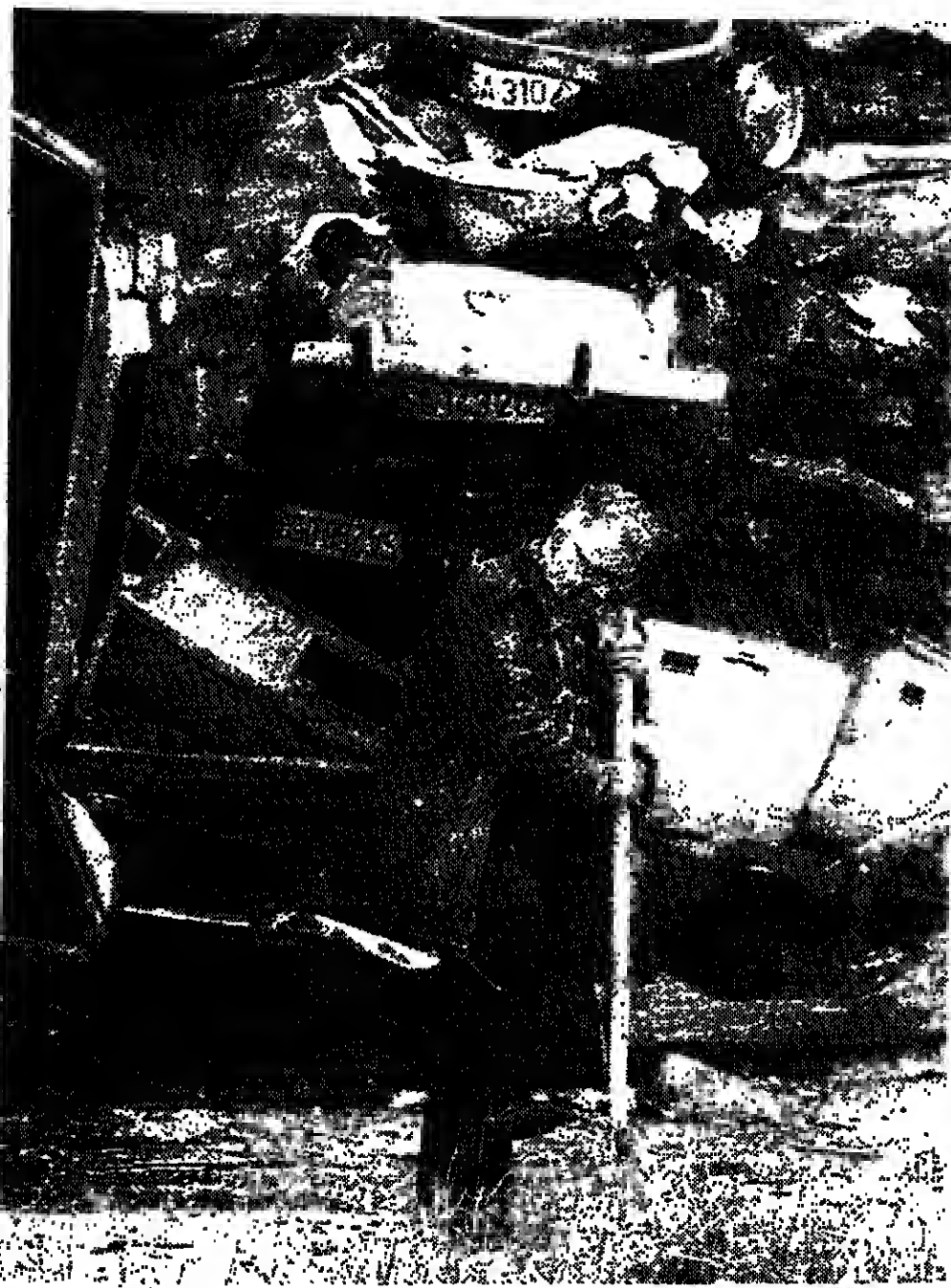
Body of U.S. Aide In Chechnya Is Believed Found

New York Times Service

MOSCOW — The body of a man reported to be Frederick C. Cuny, the American disaster relief expert who disappeared last month while on an emergency mission to Chechnya, was found in a village south of Grozny, officials said Monday.

There has been no official confirmation that the body is that of the 6-foot-6-inch (1.98-meter) Mr. Cuny and there may not be for several days, U.S. Embassy officials in Moscow said. But because of his unusual height — particularly in that region, officials with knowledge of the case said — it seemed unlikely that the victim was anyone else.

The body, discovered by boys in a settlement near the town of Shali, had two bullet holes in the head. The body will be taken to Ingushetia, which borders Chechnya, on Tuesday so that it can be identified.



A Sarajevoan clearing land near where a woman was killed earlier Monday by snipers.

Peacekeepers Ordered to Stay Low

Reuters

SARAJEVO, Bosnia-Herzegovina — United Nations troops in Sarajevo have been ordered not to risk casualties in clashes with Bosnia's warring sides while UN chiefs review the mission's future, peacekeeping sources said Monday.

They said that Major General Hervé Gobillard, the French commander of the UN force in the city, had told his officers: "I don't want to accept any more casualties. Under no circum-

stances will we engage either warring party" in any way that might jeopardize peacekeepers. Unprovoked attacks in Sarajevo have resulted in the killing of one Ukrainian and two French soldiers.

The shootings, growing Serbian restrictions on UN operations in the city and a refusal by the UN mission chief, Yasushi Akashi, to enlist NATO help prompted military commanders to demand a review of their mandate.

UN sources said recommendations for change were under discussion and would be sent to the Security Council later this week. Until a new mandate is announced, the mainly French UN force in the Bosnian capital apparently will do nothing to cause a confrontation.

The French have stopped trying to prevent the rebel Serbs from removing weapons that have been impounded in UN arms dumps.

Breakaway Krajina was formed by rebel Serbs out of three chunks of Croatian territory. A major part is a barren collection of rocks and arid valleys inland from Croatia's Adriatic coast, another is an oil-rich patch bordering Serbia, and the third a 200-square-mile (516-square-kilometer) triangle in north-central Croatia. Together the three pieces constituted 27 percent of Croatia.

But 7,200 Croatian Army regulars, backed by tanks, fighter planes and artillery, recaptured the smallest chunk, reducing the Serbian-held area to 24 percent, in only two days.

Mr. Martić responded to this trouncing by ordering an attack

By John Pomfret
Washington Post Service

KNIN, Croatia — Milan Martić, president of a self-declared Serbian republic in Croatia, says that Zagreb's recent success in recapturing territory from the separatist Serbs will ultimately help nationalists like himself fight off moderates in his government who believe in negotiation.

"It can only enlighten the Serbs who had hoped we could make deals with the Croats," he said. "Now we know the only option is to have our own state."

A weekend interview with Mr. Martić, the leader of the so-called republic of Krajina, and comments by Croatian Serbs in Knin, the self-declared capital of that region, illustrate how shocked the Serbs were to lose a major battle, their first big defeat for Serbs since Yugoslavia's wars of secession began in 1991.

"We have no future," said one woman, who reported that many better-educated Croatian Serbs had left Knin for Belgrade since the Croatian attack was begun May 1.

"This place has always been grim," said a senior Canadian United Nations peacekeeper, describing the desolate town that for centuries has been an outpost for the Venetian, Napoleonic and Ottoman empires, "but now they're even grimmer than grim."

UN military officers have predicted an offensive by Croatian and Bosnian Serbs to widen a corridor around the Bosnian Serbian-controlled town of Brcko, which both groups of Serbs rely on for supplies from rump Yugoslavia, which consists of Serbia and Montenegro.

Serbian General Resigns

The chief of the rebel Serbian armed forces in Croatia has resigned after the defeat of his troops this month in a section of Krajina, Reuters reported. General Milan Celekic asked Mr. Martić to "relieve him of his duties" because his promise "that not one centimeter of territory would not be lost was not upheld."

Western Europe Looks to Southern Flank

Compiled by Our Staff From Dispatches

LISBON — Member states of the Western European Union agreed Monday to give the body some military muscle, but failed to mask differences over the future shape of European security.

The organization, which is seen by some as a future defense wing of the European Union, endorsed a plan to create a group to coordinate military operations in the Mediterranean, a situation center and an intelligence wing.

But a debate over earmarking troops for WEU operations and paying for improving the organization's structure revealed sharp differences over the effort

to create a common European security architecture.

The issue promises to dominate a review next year of the course of European integration in the wake of the Maastricht treaty, a review that is shaping up as a battle between advocates and opponents of a more federal Europe.

France, Italy, Portugal and Spain agreed to create two new military forces for the WEU. The units would coordinate land and sea operations on Europe's southern flank.

Britain declined to agree to the plan until the text was changed to make it clear that the forces would also be made

available to NATO and were not to be used by non-WEU members.

A final statement noted that the forces "would be answerable to WEU" but could be "likewise employed in the framework of NATO, so as to strengthen the European pillar of the alliance."

Britain and several other European members of NATO,

stressing the cost of defense to national budgets, are adamant that any future European security mechanisms complement NATO activities.

The plan addresses concerns in the southern states of the European Union about the instability posed by Islamic fundamentalism in North Africa, notably in Algeria. (Reuters, AFP)

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Who Needs Car Wars?

In a furious exchange of threats, the United States and Japan have brought their long quarrel over automobiles to a new level of mutual exasperation. The Americans say they are going to punish the Japanese for running a largely closed market in car parts by imposing high tariffs on some of the Japanese goods coming into America — probably expensive cars. The Japanese reply that the high tariffs would violate international trade agreements, and they will appeal to the new World Trade Organization. To that, Washington says that it, too, will go to the WTO, with a broad complaint that the structure of the Japanese auto market makes it almost impossible for outsiders to compete.

What are we supposed to think about all this? The first American complaint, about replacement parts, is by all accounts well founded. It is a highly protected market. But the Japanese are right in charging that unilateral sanctions by the United States would be illegal. Why is the United States employing an illegal weapon? Because Congress likes sanctions and keeps pressing the administration to use them.

As for the broad American charge that the Japanese market is deliberately run in ways hostile to imports, it is true in general. But that kind of industrial and social organization may not violate any specific

rules in the international agreements. It is quite possible that the WTO might rule that it has no jurisdiction. That is another reason why the Clinton administration is relying on the sanctions. They make legal difficulties, but they tend to get the attention of the Japanese, who have been shrugging off the U.S. complaints for years.

The Japanese government should consider that Bill Clinton has pushed open trade bills consistently and courageously, at the cost of dividing his own party, and that he now needs to demonstrate that America's open trade policy pays off. Japan, which benefits from this policy more than any other country, would be uncharacteristically obtuse to stiff him with an election year ahead. But the Clinton administration needs to acknowledge that the American automobile companies have only recently begun to make a serious effort to sell cars in Japan — and some of the practices of which they now complain, like the tight relations between factories and dealers, were standard in America until a few years ago.

Let us hope that the two governments keep talking seriously while the legal processes grind along. Neither side has an entirely compelling case, and the outlines of a decent compromise are visible.

— THE WASHINGTON POST

Rushing to Jerusalem

Bob Dole, the Senate majority leader, and House Speaker Newt Gingrich have managed a rare feat in the contentious Middle East — uniting the Israeli government and the Palestine Liberation Organization against their efforts to move the U.S. Embassy from Tel Aviv to Jerusalem. The legislation introduced by the two Republicans would rush ahead of a second round of peace talks beginning next year that is supposed to address Jerusalem's status. Israeli and Palestinian leaders understandably see this legislative intervention as ill-timed and a threat to the already wounded peace talks. Fortunately, the Clinton administration is alert to the danger. Similar legislation to move the embassy was vetoed by Ronald Reagan in 1984. Israel, which considers Jerusalem its capital, cannot formally oppose the Republican bills, but Prime Minister Yitzhak Rabin, on a visit to Washington last week, made plain his view that raising the embassy issue now embarrassed his government and primarily served the interests of Israel's hawkish opposition party, Likud.

The Palestinians, despite Israel's insistence that Jerusalem will forever remain unified, envision the old eastern part of the city as the capital of a hoped-for Palestinian state. As part of the Oslo peace agreements, Israel agreed to begin formal discussions on Jerusalem's status starting in 1996. Meanwhile, Mr. Rabin's government has stirred up controversy of its own over Jerusalem by seizing two tracts of Palestinian land in and around the city. The PLO and its Arab allies accuse Israel of preempting next year's status discussions by creating new realities of ownership on the ground.

On Friday, France brought the land seizures issue before the United Nations Security Council. Israel feels that it is within its rights affirming Jewish sovereignty over the whole city but says it intends to take no more land for housing in Jerusalem without first negotiating with the Palestinians.

Real progress toward Middle East peace has come not in international organizations but in direct talks between the parties concerned. The right forum for sorting out all issues related to Jerusalem is next year's talks between Israel and the PLO. Both sides wisely agreed to Oslo to defer the most sensitive issues to a later stage of the peace process. No issue is more sensitive to both than Jerusalem.

— THE NEW YORK TIMES

Hunger and the Bank

One out of every eight people in the world — some 750 million of them — is going hungry amid an abundant worldwide supply of food. That number is slowly declining, but even by the year 2010 more than 600 million are likely still to be suffering from severe hunger, unless more can be done to prevent it.

The World Bank, the largest and most influential of the international development agencies, recently brought out a strategy statement on reducing poverty and hunger. It was the result of much conversation between the bank and some of its critics. The most common charge was that the bank paid too much attention to abstractions of macroeconomics and not enough to what was happening in the villages and urban slums of the Third World. This reconsideration of fundamental strategy was begun under the leadership of the bank's late president, Lewis Preston. It will be up to his successor, James D. Wolfensohn, who takes office next month, to carry out the job.

The bank firmly and properly defended the proposition that economic growth is essential and that without steady growth little can be done for the poor and hungry. But it acknowledged that growth alone will not eliminate chronic hunger. All over the aid agencies have learned a lot of the years about what works, and the bank emphasized the need for at least rudimentary health care and access to education — specifically, nutritional education. People need clean drinking water, and they need basic social services including family planning information. The countries making the most rapid progress against hunger are those that have managed to provide both economic growth and social services.

Most of those countries are in East Asia. In 1970 a half-billion people there suffered greatly from hunger. By 2010, if the region stays on track, the number will be down to about 70 million. With good policy, even poor countries can make rapid progress in diminishing hunger. One outstanding example is Indonesia,

where the average income is about \$700 a year. In contrast, malnutrition is rising rapidly in sub-Saharan Africa. Fewer than 100 million people went hungry there in 1970, but, according to one projection, that number will have tripled by 2010.

That brings up a point with which the bank can deal only obliquely. The bank is run by governments and generally works through governments, and it can hardly be expected to plunge into every country's internal politics or philosophy. So its strategy for eliminating hunger has little to say about the distribution of income, which is shockingly unequal in much of Africa and nearly all of Latin America. This is relevant to the condition of poor people, although not something the bank itself can take on in a frontal or comprehensive way.

Reducing massive, chronic hunger is central to the bank's work, and over the coming decade the bank's effectiveness can be fairly judged by its success in pulling down those ominous numbers.

— THE WASHINGTON POST

Other Comment

Chirac: Talk and Action

It is no secret that Jacques Chirac's election as president of France met with an unenthusiastic response in Bonn — the Kohl government would have preferred Jacques Delors or even Edouard Balladur, both far more committed to European integration than the apparently nationalist-minded Mr. Chirac. Yet the fall of the Iron Curtain and the reunification of Germany have effectively moved the center of gravity in Europe farther east, and Mr. Chirac will have to live with that fact. In practice, his policies inevitably will be based on close cooperation with Bonn and further European integration but, if only for domestic political considerations, he may continue to pay lip service to the old Gaullist ideal of France as a great power.

— Neue Zürcher Zeitung (Zurich).

Liberation or Defeat for Germany? Both, of Course

By William Pfaff

PARIS — These have been difficult days for Germans, determined to celebrate the Allies' victory over their own armies in World War II, and to consider that defeat as their own national liberation — which objectively it was, but subjectively was not.

Germany's representatives, and even German soldiers, were present at some Allied celebrations of V-E Day, as in London and Paris, but inconspicuously so. The Germans' own observation of Germany's victory/defeat was controversial from the start because the government invited to the main ceremony in Berlin on Monday afternoon only representatives of the Allies' great powers.

Left out were such significant victors as Poland, which lost out not only to Germany but to Germany's ostensible ally, the Soviet Union, which after V-E Day imposed more than 40 years of its own ideological despotism upon the Poles.

Part of the German V-E Day observance in Berlin was reopening the restored Grand Synagogue in that city. Three days before, another synagogue, in Lübeck, had been set afire by a criminal attack, and more than a hundred graves of Nazi victims in Berlin itself were profaned.

The intellectual class has for many months carried on the old debate over Germany's historical responsibility for the atrocities of Nazism. They draw from that debate over the military and security policies permissible to Germany today.

The first part of the argument has been conservative historians contend that while Hitler and his followers were undoubtedly responsible for aggression against Germa-

ny's neighbors and for Germany's genocidal attack upon Europe's Jews, and against all the other groups deemed by Nazi eugenics to be "unworthy to live," the precedent for this kind of mass slaughter of civilian populations was provided by Stalin's purges of the late 1930s.

They draw attention to the deportations and German sufferings that followed V-E Day. Their contention is that Hitler merely initiated Stalin in installing barbarism of this kind in Europe. It would seem, as explanation, a very bad one, and certainly no excuse. It would exculpate Hitler merely from having been an original thinker.

The second part of the argument concerns whether the experience of Nazism has disqualified Germans from ever again having an independent foreign policy to defend German national interests. This time the argument originates on the left, rather than the right, and suggests that any conception of German national interest, not to speak of a German national security interest distinct from that of the European Union or NATO, amounts to an encouragement of neo-Nazi influences in united Germany, or at best of an unhealthy neonationalism.

That Germany has no independent national interests would seem a highly sentimental idea, and in practice an incitement to such neo-Nazi tendencies as already exist. The argument would suppress recognition of the reality that Germany obviously, and necessarily, has interests,

which, while they may not always be identical with those of Germany's neighbors or allies, need not be hostile to them.

A certain utopianism, which may be equated with escapism, has existed on the German left since the war, and certainly since the 1960s when the Vietnam War brought to an end the period when the German left looked to the United States as a model of democratic society.

The events of the late 1960s created not only the high-minded ecological and anti-nuclear and pacifist movements in Germany but also the terrorist bands of the 1970s, convinced that any conservative development in Germany implied a return of Nazism, which had to be resisted at any cost.

Such ideas remain an unresolved influence on German politics. What in other countries would be taken as a realistic and responsible conservative political position can find itself attacked in Germany as leading encouragement to neo-Nazism. The most recent "historians' debate" produced appeals by conservative scholars and commentators for a "normal" German nationalism. Critics saw this as undemocratic and dangerous.

The public controversy has also seen V-E Day presented in terms of Soviet conquest, rape and pillage, deportations, exactions and the imposition of totalitarian Communist government in East Germany. It is true. V-E Day undoubtedly was followed by all that.

V-E Day also constituted an indispensable defeat for German arms, crushing the Nazi government and party, giving victory to the Allies and creating conditions in

which West Germany could become an exemplary democracy and the European Community could be created.

This all went together. The reason it all went together is that Germany itself had compelled the Western democracies, against their will, to join themselves with Germany's great victim in the east, the former German ally that Germany attacked in June 1941, Stalinist Russia, in order to save themselves from Germany's aggression and from Nazism's geopolitical and racialist ambitions.

Surely it all has to be understood as a nexus of interacting events, tragic in its consequences for all, but over and done with now. It is part of the past, but it is also fact. It is historical fact for which the generations now politically mature bear no responsibility, and for which they deserve neither blame nor credit.

It is the common past: German, Russian, British, French, Polish, Czech, American — part of the past of all those who took part in these terrible events. The challenge today is to take this past seriously, learn from it, but to take it in its totality. Germany reaped in 1945 what it had sown from 1938 to 1944. Europe and America after 1945 took the consequences of what had been going on since 1918 in Russia and since 1914 in Germany.

We now deal with the consequences of 1945-1989. It is reassuring, in looking beyond 1995 to the new century, that in a Forsa poll of the German young, from 14 to 21, 79 percent see V-E Day as a liberation — as indeed it was.

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From Middle East Arms Control Talks, Some Pointers for East Asia

By Gerald Segal

LONDON — Far north of the Middle East, and well hidden behind a veil of secrecy, the Arms Control and Regional Security part of the Middle East peace talks will convene in Helsinki on May 29. Known by its initials as ACRS, this virtually unreported feature of the peace process has already achieved a great deal. For that reason, some people in Arab countries and in Israel are anxious to bring it to a halt.

Egyptian officials portray the Helsinki meeting as "make or break." But now that Egypt has backed away from blocking indefinite extension of the Nuclear Nonproliferation Treaty, Helsinki, a name firmly attached to the landmark agreement in 1985 on European security, is likely to be associated with yet another success in the arms control field.

For those in Asia who claim

that they have little to learn from other people's arms control arrangements, the gathering in Helsinki is a challenge to do better. Senior officials from 18 Asia-Pacific nations will meet in Brussels next week to discuss an agenda for a ministerial-level conference on regional security problems later in the year take note.

The ACRS negotiations have demonstrated that innovative arms control can take place beyond the Euro-Atlantic world. Its first clever decision was to accept an à la carte approach, allowing states to join the process as they see fit. As a result, there has been little haggling about membership questions of the kind that have bedeviled East Asian arms control.

Another imaginative move was to obtain the services of "men-

sors" — Europeans and North Americans willing to sponsor parts of the ACRS process and even to open European arms control events, such as military exercises, to outsiders to show how the procedure is carried out.

Canadians took on responsibility for teaching maritime confidence-building techniques for which ACRS participants adopted the best practices from the Conference on Security and Cooperation in Europe. The Canadian effort, which initially made rapid progress, is on hold because publicity created suspicions that some parties were deliberately sabotaging the process. Yet discussions continue on how to apply an Incidents at Sea agreement and develop cooperation in international search and rescue.

Other measures have been agreed upon, including exchange of biographical details of senior officers and the structure of defense establishments. Some military industry states have been opened for multilateral inspections. There was even one occasion when Egyptians visited a declared Israeli nuclear site.

A regional communication center is to be set up in Amman, with sub-offices in Qatar and Tunis. Pre-notification of major military exercises has been agreed to. Russia has been instrumental in helping to create a data base that will eventually be run from the Middle East with computer terminals around the region.

Middle East participants are quick to note the advantages of such arrangements, especially since there were so few channels until recently for detailed ex-

changes between decision makers.

One of the virtues of the ACRS process has been the way in which positions of countries have shifted in the Middle East. On a number of issues, some small Gulf states have sought closer relations with Israel. Many Arab participants saw the process as a way of restricting Egyptian dominance of the Arab world. It seems that confidence is built in unexpected ways once arms control gets under way.

Of course, there is much more to be done. There has been little discussion of verification measures, largely because Israel is the only state in the region with its own satellites and sees no reason to help take steps that would reduce this advantage. It also resists any consideration of nuclear weapons until the wider Middle East negotiations make more progress and other states such as Iran and Syria are drawn into the process.

Sometimes the blockage comes from unexpected sources, for example when the United States resisted proposals that would restrict the operations of its Sixth Fleet in the region.

One important lesson from the ACRS talks is that while arms control can help build a better atmosphere of confidence for the Middle East peace negotiations, it cannot move much further ahead of the wider political détente. The current fragility of the ACRS process reflects concerns about possible collapse of the Israeli-Palestinian talks.

Still, the ACRS channel shows that arms control and Euro-Atlantic experience in this area are not culturally specific phenomena. Like science and technology, they can be applied to other regions.

Countries in East Asia appear all the more myopic when their officials resist not only the recent evidence of confidence-building agreements along the Chinese-Indian frontier but also the more far-reaching successes in the Middle East. Perhaps such new European efforts as the European Council for Security Cooperation in Asia-Pacific, which meets in Bonn this Wednesday, can help export some of the ACRS lessons to East Asia.

So far, East Asian nations seem content to go through the motions of regional arms control. But as rapid growth of their economies leads to military modernization while territorial and other disputes remain unresolved, a serious effort is becoming more urgent. If they remain reluctant to listen to Europeans, perhaps they might pay more attention to lessons from the Middle East.

The writer is a senior fellow at the International Institute for Strategic Studies and director of Britain's Pacific Asia Program. He contributed this comment to the International Herald Tribune.

Playing Politics With Jerusalem Hurts Peace Chances

By Akiva Eldar

WASHINGTON — Thirteen embassies abandoned Jerusalem 15 years ago as a result of a law that proclaimed the city Israel's eternal, undivided capital. Thus, that legislation, championed by right-wing politicians, backfired as many predicted, weakening Jerusalem's status as Israel's legitimate capital.

Today an unholy alliance between the same right-wing Israeli politicians and vote-seeking American politicians is cynically manipulating the emotionally charged issue. Last week Bob Dole, the Senate majority leader and front-runner for the Republican presidential nomination, and Newt Gingrich, speaker of the House, introduced legislation calling for transfer of the U.S. Embassy from Tel Aviv to Jerusalem.

They saved this manipulative announcement for the national conference of the American Israel Public Affairs Committee. For Jews, Jerusalem is motherhood and apple pie. Recognition of a united Jerusalem as the capital has been a pillar of the American Jewish community's political agenda. Thus, while many in the leadership of the American Israel Public Affairs Committee and the Israeli government know that this move is fraught with danger, their hands are pretty much tied.

No U.S. administration has formally recognized Jerusalem as the capital. This has not stopped presidents from visiting it and speaking in the Knesset. Every body has been able to live with

this creeping recognition of Jerusalem as the capital — everybody but Mr. Dole, who is too pressed for time to wait.

He has not exactly championed the Jewish community's Israeli agenda. His greatest contribution during his long political career was a 1990 initiative to cut 5 percent of aid to Israel.

Where was he in the years when it was possible to relocate the embassy without endangering the nonexistent prospects for peace?

On Sept. 13, 1993, with the signing of the Declaration of Principles, Congress witnessed the first step toward ending the long conflict between Israel and the Palestinians. The agreement included a commitment to postpone discus-

sions on Jerusalem to negotiations scheduled to start in May 1996.

Until these talks take place, it is counterproductive to change diplomatic facts on the ground by building a chancery in Jerusalem.

For presidential wannabes this issue is irrelevant. For me, a Jerusalemite, it is all too relevant. Some of my closest friends fought and died for a united Jerusalem. As residents of the city, we Israelis struggle to find the proper balance between Jews and Arabs, secular and religious Jews, the right and the left.

Israeli politicians' actions are more than enough to erode our efforts to maintain peaceful coexistence among all the inhabitants. Jerusalem does not need politicians in Washington to further disturb this delicate balance.

At a critical moment when Israel is trying to build a new relationship with the Palestinians and the rest of the Arab world, this political expediency surely will embarrass Israel's Arab partners.

Because of the Dole-Gingrich maneuver (which right-wing American Jews applaud), Yasser Arafat, King Hussein of Jordan and King Hassan of Morocco find themselves collaborators in a "plot" to rob the Arabs of any rights to Jerusalem.

Many Israelis strive to foster unity in the real Jerusalem. Mr. Dole grandstands for American Jews who live in a metaphysical Jerusalem. The Dole-Gingrich gambit is likely to backfire in ways that will alienate the true friends of Jerusalem.

The writer is Washington correspondent for the Israeli daily Haaretz. He contributed this comment to the New York Times.

Foreign Policy Is Becoming Powerless

By Charles Krauthammer

WASHINGTON — Secretary of State Warren Christopher and his boss have said a dozen times how important it is to the United States that Russia cancel its deal to sell nuclear technology to Iran. This is an issue on which the president promised "to be quite aggressive." Evidently, he considers pleading and cajoling to be forms of aggression.

After weeks of both, and after rewarding the Russians by celebrating V-E Day in Moscow, Bill Clinton returned home empty-handed. The Russians offered him a couple of laughable fig leaves, but never budged on the nuclear reactor deal.

The Japanese, as is their wont, have been more polite but no less determined in brushing off the United States. Last Tuesday, having cut off America's trade with Iran, Washington asked Japan to follow suit. The timing was curious — asking the Japanese to follow America's lead at some economic sacrifice just as America is declaring a trade war on them.

The response was predictable: Japan said it would study the U.S. policy, taking into consideration its own "policy of securing a stable supply of petroleum." Translation: Fat chance. What did Washington expect? It is bad enough to have an ineffectual foreign policy. It is worse to highlight that ineffectiveness by inviting repeated public rebuff.

Iran diplomacy is only the latest example. The tone was set with Mr. Christopher's first trip to Europe in 1993, where he

presented his ideas on Bosnia as if he were at some Aspen conference. He insisted on nothing and got nothing. The allies pointedly went their own way.

A year later he traveled to China waving a human rights agenda. He was treated scandalously. Dissidents were arrested while he was in Beijing, just to rub it in. Two months later, President Clinton lifted the threat of sanctions against China. The point was made for all to see: There is no penalty for stifling this administration.

Yet another demonstration of administration weakness was offered this year by North Korea. Mr. Clinton went from declaring that North Korea would not be allowed to acquire any nuclear weapons to berating an agreement under which it might begin to dismantle its facilities for building more bombs a decade from now — and is rewarded by the United States with a nine-year supply of free oil, two free \$2 billion nuclear reactors (the same type, incidentally, that the Russians are selling to Tehran), and the opening of trade and diplomatic relations.

North Korea's bomb-building machinery is Scotch-taped shut. It threatens weekly to remove the tape and restart the program if the United States does not jump through yet more diplomatic hoops. It jumps.

Has there ever been an American president who commanded less respect abroad, less fear, less compliance than Bill Clinton? Jimmy Carter, maybe. But, to be fair, he was leading a country in full psychological re-

treat from Vietnam. He was bolder no cards.

Mr. Clinton, on the other hand, leads the sole remaining superpower, fresh from victory in the Cold War, unchallenged by any Great Power for the first time in 50 years, in command of the world's dominant military force — and he finds himself unable to be taken seriously by even minor world actors.

Why? Partly presidential inattention to and lack of interest in foreign affairs.

And partly Warren Christopher's natural inclination to find consensus rather than assert interests. His repeated trips to Syria, for example, begging a terrorist state (by the State Department's own definition) to accept the most generous territorial concessions it has ever been offered, are an embarrassment.

The most important source of American diplomatic weakness, however, is a president who so discounts the domestic political impact of foreign policy that he will expend no political capital — risk no popularity — on behalf of any of his solemnly declared foreign policy goals.

None on Bosnia. None (at least intentionally) on Somalia. None on North Korea. None on China. None on NATO expansion. None on Russia.

The only issue on which he has shown himself muscular is international economics: negotiating free trade agreements, opening markets, winning foreign contracts. Not since Calvin Coolidge has America had a president who so firmly believes that the business of America, at least in foreign policy, is business.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Serbia Is in Debt

PARIS — [The Herald says in an editorial:] King Alexander of Serbia has at last found a Minister of Finance, but the Minister has found no money in the coffers of the State, and his first care has been to warn the creditors of Serbia that he does not yet know how he is to pay them. This is, frankly, no doubt, but creditors prefer money, and those of Serbia must be the more uneasy because these declarations do not promise well.

1920: Of Mind and Body

PARIS — Professor Champy, a French scientist, claims to have discovered the cause of cancer to be "disturbances of the functional equilibrium of the body." Another argument in favor of the cultivation of equanimity, for it is now an accepted fact that

mental disturbance reflects itself in bodily disturbance.

1945: City Under Berlin

MOSCOW — The newspaper "Red Star" reported today [May 15] that the body of Dr. Paul Joseph Goebbels has been found in the vast underground city beneath Berlin. The Nazi propaganda chief and his wife and children had committed suicide. This underground city, about six feet below the surface — safe from bombs — contained factories, offices and arsenals, all linked by electric railroads. Here Goebbels, Goering and other prominent Nazis had luxurious apartments. In other sub-level dwellings large families were found huddled in the corners under dim kerosene lights, where they had lived since 1942. A corridor in one such dwelling led to a hand-grenade factory where women and children worked.

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OPINION/LETTERS

Calling Democrats' Bluff, They Offer a Real Budget

By William Safire

WASHINGTON — Republicans may play a mean, low-down political trick on Democrats still railing at proposals to stem the tide of red ink: to put the budget submitted to Congress a few months ago by President Bill Clinton up for a vote. You may remember his punt-and-pray, you-go-first budget — not only was it "dead on arrival," it was dead before sending.

Mr. Clinton had made few choices needed to slow the growth of the deficit. Instead he projected another trillion dollars in debt over the

The debate has shifted rightward, leaving no need for Perot's third party.

next five years — even assuming steady growth and low interest rates, which won't happen if such government borrowing continues apace. Everyone knew that the Clinton budget was not to be taken seriously; it was his way of saying "You won the election, you balance the budget." Rarely do presidents so completely abdicate their economic responsibility. He changed "The president proposes, the Congress disposes" to "The Congress proposes and disposes while the president trends water."

However, to ingratiate himself with the voters who rejected his party, he included a no-too tax cut. That compounded his mistake.

Now the nation is engaged in a great budgetary war. Contrary to Mr. Clinton's expectations, the feisty Republican House and the so-called Republican Senate met his challenge and came up with what Democrats considered impossible: seven years to budget balance.

Nor do the Republican proposals "cut" actual spending. They follow the precept of the Civil War general to a gunner to "elevate them sights a little lower."

But it is undoubtedly a Mori Sahl budget. ("Is there anybody I haven't offended?") The lobbies of geese and greens, of veterans and farmers, of root cassists at the Justice Department and corporate welfare queens of Commerce are stunned.

You can feel the moral high ground move. Having smugly asked "What's your special alternative?" — and having received a serious answer — Democrats now find themselves embarrassed at being asked the same question.

All they have in the way of an answer is the old Clinton budget, which won't do. If Bob Dole and Newt Gingrich bring the congealed Pabulum of that Panetta-Rivin compromise to a vote, congressional Democrats will be forced to desert Mr. Clinton, lest they go on record as deficit doves.

That is why you can sense a Democratic fallback position in preparation. Farewell to Mr. Clinton's long-promised "middle-class tax cut," now seen by congressional Democrats as a wrongheaded response to the electoral debacle.

Those unreturned billions will be proposed to be sprinkled over endangered liberal programs — national service's subsidized volunteers, public broadcasting, education under federal standards, the arts — to shore up core constituencies and show Democrats retaining this year's Sanhedrin of senators.

This means that the debate is no longer between budget balancers and the defenders of debt. It is now between balancers including a tax cut (with spending restraints in the near years) and balancers without a tax cut (with a slowing of spending back-end-loaded). That is a huge shift in argument, as borrowing is no longer seen as a gift to the old but as a theft from the young.

The best way to redirect the nation is with the stronger government spending restraint plus tax rate reduction. As Napoleon advised a temporizing general, "If you are going to take Vienna, take Vienna."

However, with the veto power still in Democratic hands, conservatives may have to settle for spending restraint first, tax cuts later — in effect, taking the suburbs now and the citadel in 1997.

What is the immediate political effect of this rightward shift in the debate? It means that Perot voters no longer need a third party to express their disgust with the unwillingness of major parties to come to grips with the deficit. Of five United-We-Stand-or, three are likely to go Republican, one Democratic, one home.

Smart Democrats understand this, which is why Bill Clinton keeps taking credit for having reduced the deficit last year. It is why Democrats are abandoning the "deficit as percentage of GNP" weaseling and are scrambling to get aboard the anti-deficit bandwagon. And it is why Republicans are so eager to be certain that voters know the impetus for budget balance comes from them.

The New York Times

Golden Waterfall, String of Deer, Peepers' Song: Spring

By Edward Hoagland

BARTON, Vermont — If you have a holey old cast-iron wood stove, you know what a constant preoccupation fustily feeding it can become. The pheasants, cardinals and grosbeaks sing. A deer, well-camouflaged, drifts down a line of trees. And you stuff the maple and birchwood in.

Meanwhile, the dog jumps into an easy chair he's allowed to sit in. He has found an owl roost-tree and has been eating owl pellets.

MEANWHILE

lets — the indigestible hair and other stuff that owls upchuck an hour or two after a meal. Unfortunately he's been coughing these up too.

The owl last night was hooting at its young, which aren't learning to fly very well, just desperately launching themselves from tree to tree down our little valley. How will they ever flap back?

The upland corner of my field is a wild turkey gobbler's parade ground every morning for three or four weeks in the spring, then later a coyote family's rendezvous point in the evenings for about as long every fall. For the turkeys those few mown, old-field acres are a brief stage set for courtship bluff and pomp.

For the coyotes — who are giving birth to their pups in a ledge, precipitous hideaway a mile away at about the same time — that patch of rough high-up grassland is also a theater for training April's pups in October adolescence — in hierarchy and howling, teamwork, play and discipline — but with a

precautionary view of possible dangers below.

I can hear ravens, woodcock and wood frogs simultaneously from my house. Frogs are disappearing all over the world, according to many accounts. But by digging two modest pollywog ponds down alongside my stretch of stream, where snowmelt and springwater collect, I've greatly increased my land's quota of frogs: five or six species — the stream itself may have eight. Lone ducks or a pair will land occasionally and stand up in the water flapping their wings as if to draw in more birds, once they've explored.

The old farmer whose father had cleared this place — and who when I knew him a quarter-century ago was 80 years old — used to grow teary sometimes, seeing how his former pastures were thickening with alder brush or fir and poplar trees, after having been laboriously cleared.

But not in more than a century has the stream had so many frogs on it — green frogs, leopard frogs, pickerel frogs, bullfrogs, mink frogs, wood frogs, spring peepers, gray tree frogs — and moose and bear tracks.

Also red squirrels, flying squirrels, snowshoe rabbits, six of the latter held a convective in my empty barn late last fall. Therefore the bobcats on the mountain are surviving all of the fin de millennium changes as well.

Turkey buzzards, previously a southern bird, wheel over, sailing on toward Canada. A fern expert tells me few areas in the country are richer in his specialty than this one.

And the various vivid mosses thrive so extravagantly — despite the snow and all — that, green as a jungle macaw, they can cap whole boulders 10 feet (3 meters) long.

On the ridge is a waterfall that freezes golden every January, or at least when the sun is out and refracts the sand embedded in the water just right. Another waterfall, near the coyotes' den, looks as blue as an iceberg's innards when lit up. But in the spring all of this falling water glitters silver, pewter, amber or obsidian-black in the changing light.

My favorite song now is the peepers' chorus, more basic than birdsong, which it may have invented. In the later spring, when the peepers have finished mating and are silent, I like best listening to the toads — tardy breeders — more, even, than to the indigo buntings and the bubbly bobolinks or lovely meadowlarks.

Theirs is a very old song, quite Gregorian in sound, though amphibious and at a different pitch from the monks', yet to me as ecstatic. The year is so short for these cool-veined creatures, they must catch it as they can.

When the grass first greens, and again after reburying season in the fall, the deer who live hereabouts will gather in a multitude, gamboling a bit, nuzzling or angling next to each other as if reacquainting themselves with the nucleus of the herd. I've seen as many as 14 together on these ritual occasions. A friend staying at my house counted 23 does, yearlings and fawns strung out and descending from the orchard to the field.

My own rather parallel impulse as the seasons change is to climb the ridge facing

me. It is adorned, as you hike up, with several compact, oval beaver ponds, where the brooks run down. These are full of interest, and I may hear hermit thrushes, winter wrens, ovenbirds, and black-throated green, or black and white warblers. But I scramble above, to a pool of perhaps only my own length, where a small stream beads.

I know a number of these spots, lined with cinnamon or sulphur or yellowish leaves that blacken as they get waterlogged. But just where the underground spring that keeps the pool full all year comes in, you will notice a penny-sized, copper-colored dancing pavilion of leaping grains of sand. They dance perpetually, a trampoline fling, somersaulting and falling, then high-kicking again, like an inexhaustible hour glass upward-bound.

On a warm day, I watch happily till I'm rested from the climb, while my dog, Wally, stalks redbacked mice and other forest delights, or chases a thunderstorm, racing at the "crack" with all the headlong recklessness with which Smokey, the dog I had before, went for porcupines, a more damaging enthusiasm.

On the other hand, we had intimate moments, Smokey and I, when he got quilled, because the best method for taking a dog's quills out is — face to face, mouth to mouth — to grip each quill with your teeth.

The old lore of the woods is being lost, but I offer that.

The writer, an essayist and novelist, is author most recently of "Balancing Acts," and teaches literature at Bennington College. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Worried About Israel

Along with many other French citizens who feel both friendship and esteem for Israel, I feel deep concern for the Israeli's future.

We see Israel as being in a defensive position on essential matters. We wonder whether the likely consequences of the Oslo accords were weighed carefully in light of history's teachings. How is it that after 2,000 years of Jewish faithfulness to Jerusalem, the Parliament of the Jewish state could approve an agreement that eventually will have Israel negotiating its reconquered capital? I know that most Israeli leaders say sovereignty over Jerusalem will not be shared. But it is ambiguities such as that that open breaches in our walls, and not only to our enemies.

The result is plain to see: Never before September 1993 would anyone have imagined that Jerusalem's status could be questioned as boldly as it has been by the Arabs, and by some Westerners as well. Never before Oslo would these challenges

have reverberated as loudly in Israel.

We should keep in mind that no country has ever been able to assure mastery of territory except by the presence of ground troops. Missiles have not changed this fundamental truth: A country is attacked in the spot where it is undefended. A treaty with states not known for their stability cannot substitute for frontiers offering a minimum of strategic depth. The Israelis are the first to hope for that happy time when they will no longer confront war or terrorism. But they would do well not to forget Bismarck's comment that no one is rich enough to buy off his enemy through concessions.

JEAN-THOMAS NORDMANN.

Paris.

Envy the Japanese Worker

Regarding "Misdirected Anger" (Letters, May 3) from John E. Ray:

I thought the world was aware that Japanese employers treated their employees better than those of any other nation — a key reason for Japan's

tremendous trading success. I do not believe that, as Mr. Ray says, "the hardworking and diligent people of Japan are not adequately rewarded." I spent seven years in Tokyo and worked for four years as a Japan Air Lines crew member. The Japanese were by far the best and most considerate employees I have ever had.

CHARLES H. MIXON.

London.

Such Destructive Hatred

It is with great anguish that I read of Patrick Buchanan's call for harsher measures against immigration to the United States, including a proposed five-year moratorium on immigration ("Buchanan Demands Halt to Immigration," May 9). It is inconceivable that he does not understand the direct link between the politics of verbal immigrant-bashing and the more violent street version of that same ideology. For concrete examples of this nexus, one need only look as far as the recent assaults on immigrants in France,

some of which have been connected to the National Front, the attacks on Turks in Germany by neo-Nazis, and the recriminations against Arabs in the United States following the Oklahoma City bombing, when the knee-jerk reaction was that this tragic act must have been the work of foreign infiltrators.

It is sad that Mr. Buchanan should forget the abject poverty that drove the Irish to the United States and the discrimination they faced upon arriving. That he should turn against those who now face similar conditions, and resort to the politics of division and hate, is shameful.

KIRK CHILDRESS.

Paris.

sort of people who run around the woods playing soldier while building hatred against blacks, Jews, homosexuals and day-care centers. Americans should vote out of office any congressman who doesn't support some gun control.

LES ASTERS.

Leyser, Switzerland.

Hit It Again, Joe

What wonderful counterpoint in your April 20 sports section: Michael Wilbon's column, which rises to the occasion of the now-legendary Joe Montana's retirement, and Sam Abt's splendidly ironic piece on the pooped but still peddling French bicycle team. Incidentally, I witnessed Joe Montana's greatest victory at Notre Dame Stadium, a 49-19 tear in 1977 against Southern California — and two years ago watched him four-putt a green at the Pebble Beach pro-am tournament. Nobody's perfect.

EDWARD ROHRBACH.

Paris.

BOOKS

ANCIENT INVENTIONS

By Peter James and Nick Thorpe. 704 pages. \$29.95. Ballantine Books. £25 for U.K. edition. Michael O'Mara Books.

Reviewed by Laura Colby

BRAIN surgery was performed four thousand years ago to relieve the sufferings of wounded Stone Age warriors. The ancient Romans and Egyptians had indoor lavatories. European men sported decorative tattoos more than 5,000 years ago. A fast food restaurant was opened some 1,000 years ago in China and still serves customers to this day.

These are just some of the practices and inventions we consider modern that are proven to be centuries old by Ancient Inventions. As a compendium of curiosities dating from the Stone Age to 1,000 A.D., the book argues that just because our ancestors lived long ago and had less technology at their disposal does not mean they were any less intelligent than we are.

In fact, many of the inventions that we believe belong to our own modern era already existed hundreds, sometimes even thousands of years ago. Our ancestors were not quaint

WHAT THEY'RE READING

• M. N. Nandam, executive director of the Institute of Indian Culture in London, is reading "The Encyclopedia of Gandhian Thoughts," published by the Indian government. "Gandhi is my ideal. The wonderful quotations are taken from hundreds of his works on religion, ethics, politics, youth, women, freedom, himself, philosophy and Christianity." (Miranda Haines, IHT)

superstitious people mystified by the problems of everyday life; they were, much as we are today, hard at work on ingenious solutions.

The authors have broken down the inventions into different categories such as medicine: food, drink and drugs; transportation and communications; and military technology, making the book easy to thumb through in the coffee-table style, rather than one to be read from start to finish.

We learn that our ancestors used birth control — everything from a condom to a rudimentary form of the pill — abused drugs ranging from hallucinogenic mushrooms to cocaine, and were entertained by sport, music and theater. We see homes many thousands of years

old with plumbing, indoor ovens, and many other conveniences we associate with our own era.

But by far the most interesting parts of the book are those that provide examples of technology, rather than everyday objects. Inhabitants of present-day Iraq, for instance, had developed a form of electric battery about 2,000 years ago, using a clay jar that contained a copper rod sealed with asphalt. The so-called Baghdad Battery, discovered in 1936, was probably used by jewelers to electroplate bronze jewelry. Medicine, including brain surgery, the making of artificial limbs and plastic surgery, is one of the most hair-raising chapters. Early military technology, including a "machine gun" in

the form of a crossbow that could fire 20 arrows in less than 15 seconds, is also covered.

The book's black-and-white photos and drawings are helpful in explaining how some of these ancient inventions worked. Many of them are taken from ancient sources, such as the sketch of a child in a high chair (or is it on a potty?) the authors ask) from a Greek vase, or papyrus paintings of an Egyptian suffering from the effects of a hangover. It is a pity that there are not more of these, because they help bring the inventions to life.

This is the second collaboration for James, a writer on ancient history and archaeology, and Thorpe, an archaeologist, a team that published the highly controversial "Centuries of Darkness" a few years ago that questioned the dating process of the ancient world.

In this work, which is aimed at a general audience, they show that they can provide enlightenment as well as scholarly enlightenment. Despite a sometimes overly academic preoccupation with describing how archaeologists first unearthed the inventions at the expense of description of the inventions themselves, and with a few small lapses, such as a mention of the town of Salerno, Italy, near Naples, as being in Sicily, "Ancient Inventions" is generally a well-written, informative, and often humorous book.

As we proclaim the importance of the information age and are bombarded daily with grand predictions of the bold new improvements that will be brought to mankind by the arrival of the global information superhighway, "Ancient Inventions" provides a welcome bit of perspective.

More than 2,000 years ago, James and Thorpe tell us, the residents of Crete used a form of computer themselves for calculating calendars based on the motions of the sun and the moon.

Laura Colby is on the staff of the International Herald Tribune.

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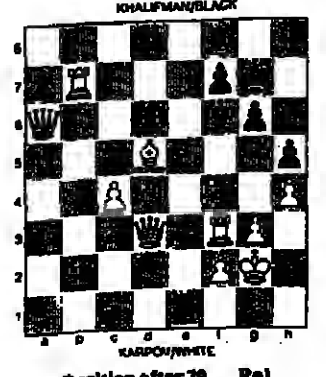
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THE WORLD'S LEADING NEWSPAPER

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Position after 30... Re1

By Robert Byrne

ANATOLI KARPOV beat Alexander Khalifman in Round 7 of the Linares International Tournament.

In this rarely played move order of the King's Indian Defense, Fianchetto Variation, 5...Qa5 is intended to disrupt the opponent's mobilization. But Karpov went ahead with 6 Ne3 and oo...Ne4, he had no qualms about conceding the bishop-pair with 7 Bc2 Nd2 8 Qd2. He likes give up bishop for knight in exchange for a gain in time and spatial superiority in the center.

Before initiating a definite plan, Karpov, in typical style, seized as much space as he could, with 17 h4, 19 a4 and 21 a5. Meanwhile, he made no attempt to avoid 19...Bd5 20 Bd5, bringing about bishops of opposite color. He knew that he could preserve a minute advantage despite that normally draws factor.

Khalifman stopped Karpov from opening the a file by play-

The Philippines

The emergence of the Philippines in recent years is hardly the result of chance. The Philippines has taken some very concrete steps toward modernization and stability, and the outcome is indeed impressive.

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THE PHILIPPINE SUMMIT 1995

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Organized by the International Herald Tribune in cooperation with The Philippine Government, The Philippine Summit offers participating sponsors and delegates the rare chance to meet

face-to-face with the people responsible for the Philippines' success. The Summit will be one of the most significant events in the Philippines this year. It presents a unique opportunity to understand and capture a share of the current and future achievements of the

Philippine economy.

The Philippine Summit will take place on September 27-28, 1995 at the Shangri-La, Makati in Manila. Interested parties should contact Vivien Peters at the International Herald Tribune's Asia/Pacific Conference Office in Hong Kong for further information on sponsorship and delegate opportunities.

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THE WORLD'S DAILY NEWSPAPER



Silk Dragons and Imperial Hats: A Little Bit of Asia in Paris



Joyce Ma with Karl Lagerfeld at her gallery exhibition of Chinese robes.



Embroidered Chinese tunic with traditional pleated skirt from the Han Dynasty.

Imperial dragon robe with indigo sleeves decorated with bats.



Japanese milliner Hirata Akio with sculpted straw hats.

Birthday Fete for Hatmaker Hirata Akio

PARIS — When a birthday cake was wheeled through the Champagne-swilling crowd, it was, naturally enough, in the shape of a round straw hat.

For Paris was celebrating the 70th birthday of Tokyo's high fashion hatter, Hirata Akio. "I am very proud and grateful," said Hirata, "although it is not my real birthday today, I feel it is. And it is a chance for me to give thanks to Paris and Jean Barthelet."

Barthelet, the famous French milliner who trained Hirata in 1962, toasted him as "my most disciplined and hard-working pupil." Still life displays and perambulating models showed off the signature sculpted

straws in simple geometric shapes with complex textures.

In his long career, which started when the young apprentice milliner made hats for the wives of American servicemen, Hirata rose to become hatter to Empress Michiko and in 1994 made the hats that the newlywed Princess Masako wore on her official visit to the West.

His fashion work reached its zenith in 1977 when he began a collaboration with avant-garde Japanese designers. He also worked for Comme de Garçons, Junko Koshino, and Yohji Yamamoto, for whom he created huge hats in 1987.

Suzy Menkes

Now and Zen of '90s Consumerism in the Joyce Ma Gallery

By Suzy Menkes
International Herald Tribune

PARIS — In her lacquered embroidered gown, among Chinese robes suspended like bright butterflies, Joyce Ma has come back to her roots.

To celebrate 25 years of taking Western designer fashion to Hong Kong and the Pacific region, the Chinese-born Ma has now brought to Europe the allure of the East.

"Dragons and Silk from the forbidden city" — an exhibition of Chinese robes — celebrates the official launch of the Joyce gallery that Ma opened Wednesday under the arcades of the Palais Royal.

It represents the now and Zen of 1990s consumerism, with a mise-en-scène by Bob Wilson that includes sculpted metallic discs containing charred wood and a drop of water to represent elements of fire and water.

A crowd of fashion aficionados, including Karl Lagerfeld, Françoise Lacroix, Marina de Brantes and São Schlumberger, marveled at the writhing Imperial dragons embroidered on sunny yellow silk; landscapes of flowers and butterflies; a jacket hand-woven in a lattice of bamboo; a wedding headpiece appliquéd with kingfisher feathers; and the poignant, child-sized slippers that once covered bound feet.

The robes, from the collection of Teresa Coleman of Hong Kong, are for sale from 5,000 francs (about \$1,000) for tunics in butterfly-wing colors to 38,000 francs for the Imperial costumes.

Before her family fled Shanghai in 1948 for Australia and then Hong Kong, as the Communists were taking over, Ma remembers her mother and grandmother wearing elaborate robes and recalls a tailor taking from his trunk "tons and tons of material, silks, brocades, laces. 'My mother used to make dresses for me when I was eight or nine years old,'" she says.

"She would put me in mustard, a cloqué cotton print in saffron and black — such sophisticated colors for a young child. And an evening dress with layers and layers of silk net — 20 or 30 of them in mother-of-pearl colors, gradations of gray, white and dusky pink."

Ma's retentive visual eye and alert fashion antennae have made her the Empress of Asian fashion, although Ma the mystic (she spends part of each year in an ashram in India) would cringe at such a title.

Yet it was she who recognized a quarter of a century ago that Hong Kong could become a frenetic consumer of European style — instead of just the fashion world's sweatshop.

Her visionary sense meant introducing to the colony Giorgio Armani, whom she had first noticed at the Florence fashion fair "in a duffel coat, crouched there, very solitary, when I was 28 or so with my chignon and he always used to eye me."

Ma saw Armani's first collection of "a few jackets of unbelievable cut" and bought them: "I didn't know if the collection would be delivered, but I trusted him."

Now Armani is the backbone of the Joyce empire of 29 stores, which had a turnover of nearly 424 million Hong Kong dollars (about \$55 million) in 1994, according to managing director Roberto Dominici, who has guided the company's expansion since Joyce Boutique

Holdings Limited went public on the Hong Kong stock exchange in 1990.

Since 67 percent of Joyce's merchandise is Italian-made, Ma was inducted to the Italian Fashion Hall of Fame in February — following American retailing giants Stanley Marcus of Neiman Marcus and Gene Pressman of Barneys.

The Belgians honored Ma in 1994, with King Albert naming her a Chevalier de l'Ordre de la Couronne for putting young Belgian designers on the world stage.

"Fashion is evolving all the time," says Ma. "I am always in search of new designers to make our lives more colorful."

Yet she admits that, although she is the granddaughter of the founder of the Wing On department store, when she married Walter Ma at age 21, she expected "to be a contented housewife."

The evolution of the Joyce firm mirrors the increasing wealth, confidence and sophistication of the Pacific area. The designers Ma has brought to Hong Kong include Comme des Garçons, Donna Karan, Issey Miyake, Prada and Jil Sander. Some are presented in own-label stores, others in boutiques or the World of Joyce lifestyle store (now replicated in Taipei), which has a 1990s mix of homewares, fresh flow-

ers and meat-free café.

Including Manila, Taiwan, Thailand and the southern China, there are now 29 Joyce stores with active plans for expansion throughout Asia.

"We are no longer a Hong Kong retailer," says Dominici. "The idea of going into Southeast Asia is what makes the work so interesting at this point."

Yet the more the business grows, the less Ma herself seems like a fashion tycoon. She wears increasingly simple clothes, ignoring the designer labels for which she was once a conspicuous and glamorous advertisement, in favor of neutral tunics and pants or Mao jackets in bright silk run up for \$70 by a tailor in Phuket and topped with an oyster-pale cashmere shawl.

"There is so much fashion going on — I would like to see simple clothing that is eternal," she says.

She believes her eye and her attitude come from her "artistic and romantic" father, who would encourage her "to see textures and patterns of foliage" they would paint together in watercolors.

In turn, she has tried with her two daughters, Yvette, 32, and Adrienne, 30, to "become their friends." Yvette is editor of Joyce, the group's lifestyle magazine published in Hong Kong.

Critics suggest that Ma's spiritual quest, taking her away for long periods, subtly affects

the business, although this is disproved by the profits, which showed a 33.7 percent increase in 1994, to 31.4 million Hong Kong dollars.

"It gives me calm," she says of her meditations with Gurumayi. "I've learned to let go a lot, to delegate. Before, I thought I had to hold on to everything. But when I have a richer life myself, everyone shares in it."

The Joyce gallery is part of giving something back. "I didn't want to enter Europe through clothing but through art," she says. "The gallery is like a cultural exchange for me — I would like to bring what the East is about — the modern East."

Initial exhibitions were of wax-candle sculptures and ceramics; the next show will be calligraphy by a French artist who lived a decade in China.

Ma admits to being disappointed with the sameness and safety of current fashion, saying that she feels "the economic recession has dulled creativity a lot — there is no upsurge of risk-taking."

The gallery — a venture outside her own area of expertise and in Paris — might be seen as a big risk. But Ma sits calmly upstairs in her pale, modern apartment.

"I have never been so Chinese-oriented as now," she says. "It's this zen-ing out."

High Fashion Throws an Exotic Garden Party

PARIS — From mint tea in a Moroccan tent to a voyage of discovery in India, French high fashion has gone exotic.

Yves Saint Laurent brought a whiff of the cashbah to the l'Art du Jardin (Art of the Garden) show where le Tout Paris congregated to check out the finest blooms of the season — both in the flower beds and on the hats, which are considered right and proper attire.

Saint Laurent's Moroccan garden was a riot of color — not least because of a decorative tent housing North African tea urns, multicolored glass lanterns, Oriental rugs and a sweet-meats buffet.

Pierre Bergé, who has become an enthusiastic gardener among the olive trees in his home at St-Rémy-de-Provence, presided over the flower show turf.

Meanwhile, the neighboring Cartier stand featured a giant garden gnome encased in a plastic bubble on a red sand ground entitled "Dwarf, Dwarf III." This latest flower-free garden art, created in 1990, is part of the collection of Cartier's contemporary art foundation.

In spite of a few oversized straw cartwheels, the most striking hats were the Torn Sawyer-style raw-edged panamas worn by the young staff.

Hermès celebrated "L'An-

née de la Route," the company's travel theme of the season, with a film showing the fruitful encounter in March between its deluxe craftsmen and artisans in a nomadic Indian village.

As part of a cultural exchange envisaged by Jean-Louis Dumas, president of Hermès, saddle makers, silversmiths, cobblers and crystal creators worked

together in sign language. The experience, which included raising a crystal chandelier in the desert to the wide-eyed wonder of local children, was celebrated by a dinner at Hermès in Paris, with Indian dancers brought from the deserts of Rajasthan and Thar to France.

Suzy Menkes

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kesman suggested Monday, joining a growing tide of Japanese chipmakers shifting production offshore to escape the

It obtained tax
the United States,
could be reached
xt two weeks.
tion is contingent

On Monday, NEC Corp. said it would boost production of four-megabit DRAMs at its facility in Japan, where labor and land costs are lower.

Hagemeyer and Borsumi distribute some of the same

could lose billions more in the other cases. (AP, AFX)

"Our decision is contingent

there was older than the one operated in Durham. The British plant was built in 1991 and is equipped to make four- and 16-megabit dynamic random-access memory chips. The Com-

On Monday, NEC Corp. said it would boost production of four-megabit DRAMs at its Chinese joint venture, Sheng

Mr. Yasuda said First Pacific would see a solid rise in its share.

year by a U.S. District Court Judge in Birmingham, Alabama, but about 11,000 women chose to file separate lawsuits against the manufacturers.

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THE AMERICAS

Stagflation's (Political) Comeback

By Keith Bradsher
New York Times Service

WASHINGTON — For months, economists have been using the cheery term "soft landing" to describe an American economy that seems to be gliding to a slow-but-steady rate of growth after several boom years.

But now an uglier word is making the rounds: stagflation, a combination of paltry growth, rising unemployment and increasing inflation.

The Republican majority on the Joint Economic Committee of Congress cried stagflation in an economic analysis issued Friday. The analysis followed a government report saying consumer prices climbed in April at the fastest rate in eight months, as well as earlier reports that producer prices also rose in April while unemployment jumped.

The politics of crying stagflation are clear. Republicans are nervous that if the economy goes into a recession during next

year's presidential campaign, some of the blame may be heaped on their budget cuts instead of the policies of President Bill Clinton. So they are striking early by pointing out that the economy has already had problems, and by trying to link these problems to the White House.

"With both the producer and consumer price indexes rising at 3 to 4 percent annual rates, and data on the economy showing weakness, the recent economic performance continues to resemble that of the 'stagflation' of the late 1970s," the analysis said. "This is largely the result of easy money in 1992 and 1993 that masked the Clinton tax increases. Now that the easy-money stimulus is wearing off, the slowdown effects of those tax increases are showing off."

White House officials are no different in trying to manipulate perceptions of the economy for political gain. Leon E. Panetta, the president's chief of staff, led a succession of senior officials in daily briefings last week warning that Republican

budget proposals could turn an economic slowdown into a recession.

Economists dismiss the idea that modest tax-policy changes in 1993 could have seriously changed the course of a \$7 trillion economy. They also dismiss the notion of serious economic harm from a Republican blueprint to balance the budget by reducing the deficit by less than \$30 billion a year in each of the next seven years.

With few exceptions, economists also doubt that the United States also faces significant stagflation now. Instead, most expect that the country will avoid steeply rising inflation, but may pay a price that could prove just as painful in higher unemployment and a further widening of the gap between rich and poor.

While rising prices and unemployment may mean that April qualifies as a single month of stagflation in a narrow and technical sense, the overall structure of the economy has changed so much since the late 1970s that a return to the problems of those years seems unlikely.

Autos Guide Stocks To Record High

Compiled by Our Staff From Dispatches
NEW YORK — Stocks climbed Monday, led by automakers, amid expectations that inflation would remain in check and push interest rates lower, traders said.

Those expectations were fueled by gains in the bond market and a recent stream of reports, including weakening

U.S. Stocks

consumer sentiment and rising April unemployment, that showed the economy was losing strength but still expanding. The Dow Jones industrial average closed 6.91 points higher, at a record high 4,437.47. Advancing stocks outpaced decliners by about a 13-to-9 ratio on the New York Stock Exchange.

Analysts said declining interest rates in the bond market encouraged investors to favor equities. The price of the benchmark 30-year Treasury bond was up 20/32 point, at 108 17/32, which lowered its yield to 6.94 percent from 6.99 percent on Friday.

Investors are awaiting the release Tuesday of April housing starts, industrial production and plant-use rate for further evidence the economy is slowing.

Gains in automakers and other beneficiaries of falling interest rates such as banks and brokerages outweighed losses in steady-growth consumer industries such as household products, drugs, tobacco and food.

Ford, the most active NYSE issuer, gained 1/2, to 29 1/2. General

at Motors jumped 1 1/2, to 48, and Chrysler rose 3/4, to 44 1/2. Auto issues were supported also by the prospect of U.S. trade sanctions against the Japanese auto industry that are to be announced Tuesday.

Toys "R" Us, down 1 1/2, to 25 1/2, after the retailer's stock was a focus of attention as Swedish store clerks said they would widen their strike against Toys "R" Us to pressure the U.S. retailer into accepting a national union contract.

Procter & Gamble fell 1/4, to 57 1/2, after the retailer's stock was a focus of attention as Swedish store clerks said they would widen their strike against Toys "R" Us to pressure the U.S. retailer into accepting a national union contract.

Motorola rose 1/2, to 61, after the electronics company settled a complaint by several Southern Co. units. (Bloomberg, AP)

Shoppers! Kmart Posts \$28 Million Loss

Compiled by Our Staff From Dispatches

TROY, Michigan — Kmart Corp., struggling to revive its retail empire, reported a loss on Monday for its latest quarter, citing poor results at its Builders Square chain of home-improvement stores and unprofitable Kmart stores in Mexico.

The United States' second-largest retailer said it lost \$28 million in the quarter ended April 26, the first of its financial year. The results compared with a profit of \$18 million, or 4 cents a share, in the like quarter a year ago.

The loss came even as sales rose 8 percent, to \$7.80 billion, the strongest quarterly performance in years, the company said. Analysts, however, were more concerned with the company's flagging profit margins.

"It's great to show very strong sales, but if you can't make money doing it, something has to be done," said Joseph R. Noring of Brown Brothers Harriman & Co.

Kmart stock was pushed lower by the results in afternoon trading in New York, down 25 cents, at \$13.375.

Sales in U.S.-based Kmart stores were up 9 percent, reflecting a same-store sales gain of 7 percent, the largest increase since 1985. Same-store sales refer to stores that have been open at least a year.

Kmart said its Builders Square chain had an operating loss of \$11 million, posting a 6 percent drop in same-store sales during the period. Kmart added that its joint venture operation in Mexico lost \$3.0

million. The weak Mexican peso hurt its results.

Reacting to pressure from stockholders, Kmart in March forced out its chief executive, Joseph Antonini, and is searching for a replacement. The company said recently that almost one-third of its 4,000 stores were underperforming.

Separately, Toys "R" Us Inc., the New Jersey-based toy retailer, said its first-quarter earnings fell 51 percent because of a fall in video-game sales.

The company said its net income fell to \$18.4 million, or 7 cents a share, for the quarter ended April 29, from \$37.6 million, or 13 cents, in the corresponding quarter last year. Revenue rose to \$1.49 billion from \$1.46 billion.

(Bloomberg, Reuters)

Dollar Slips but Sanctions Talk Bolsters Market Sentiment

Bloomberg Business News

NEW YORK — The dollar fell against most major currencies on Monday but some analysts said sentiment toward the currency remained high amid optimism the United States was addressing its trade and budget deficits.

"People are very bullish toward the dollar," said Richard Vullo, currency sales manager at Bayerische Hypothek and Wechsel Bank in New York. "We're starting to do something about our problems."

Foreign Exchange

But other analysts weren't so sanguine. "The process of balancing the budget and rectifying the trade imbalance is an evolutionary process," said Kevin Weir, a currency salesman at ABN-Amro Bank in Chicago. "Although the market discounts it immediately, fruition will take time."

The dollar rose 5.9 percent against the mark and 4.2 percent against the yen last week.

As America threatened trade sanctions against Japan and congressional budget committees passed deficit-reduction measures.

The U.S. trade deficit with Japan was \$65.7 billion last year while its global trade deficit was \$166.3 billion. The current federal budget deficit is \$203.4 billion.

The deficits have been cited as major reasons for the dollar's decline against the mark and the yen this year.

In New York, the dollar

closed at 1.4351 Deutsche marks, down from 1.4480 DM Friday, and at 86.375 yen, down from 86.750 yen.

Against other currencies, the dollar closed at 5.0305 French francs, down from 5.0710 francs on Friday, and at 1.987 Swiss francs, down from 1.2060. The pound rose to \$1.5740 from 1.5695.

Sanctions Due on Tuesday
Trade Representative Mickey Kantor will announce a proposed list of American sanc-

tions against Japan regarding the automobile trade dispute on Tuesday, a government spokesman said Monday, Bloomberg Business News reported from Washington.

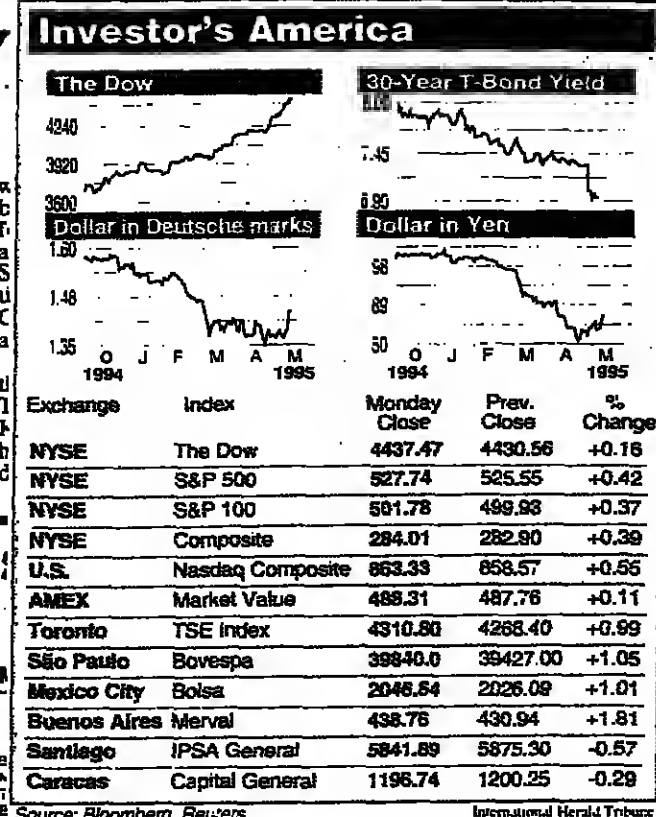
Negotiations to open up Japanese markets to U.S. automobiles and auto parts broke down

last week. U.S. officials have said the sanctions would include at least \$1 billion worth of tariffs.

"Under U.S. trade law, the two sides have 30 days to hammer out an agreement after the publication of the proposed sanctions list, before punitive tariffs take effect."

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Very briefly:

Greenpoint Deal Hurts Its Shares

NEW YORK (Bloomberg) — Greenpoint Financial Corp.'s shares plunged Monday after it agreed to pay \$660 million in cash for the 60 New York branches of Home Savings of America, the main unit of H.F. Ahmanson & Co., the largest U.S. savings-and-loan association. The shares fell \$1.625, to \$22.125. Analysts said the deal was too expensive.

Greenpoint will have \$4 branches and \$13.5 billion in deposits after the transaction.

Berkshire Hathaway Inc., the holding company controlled by the investor Warren Buffett, said first-quarter profit fell to \$120.2 million, from \$133 million a year ago. Investment losses overcame rising operating income, which reflected improvements in the company's reinsurance business.

Jones Intercable Inc. agreed to buy cable systems with 50,000 subscribers in Virginia from Columbia Associates LP for \$123 million; after the acquisition, Jones will have 200,000 subscribers in the Washington-Baltimore area. (Bloomberg, AP, DJ)

Weekend Box Office

LOS ANGELES — "Crimson Tide" dominated the U.S. box office over the weekend with a gross of \$18.8 million. Following are the Top 10 moneymakers, based on Friday ticket sales and estimated sales for Saturday and Sunday.

	1	2	3	4	5	6	7	8	9	10
	"Crimson Tide"	"The End of the Affair"	"The Untouchables"	"The Untouchables"	"The Untouchables"	"The Untouchables"	"The Untouchables"	"The Untouchables"	"The Untouchables"	"The Untouchables"
	\$18.8 million	\$12.1 million	\$10.1 million	\$9.1 million	\$8.1 million	\$7.1 million	\$6.1 million	\$5.1 million	\$4.1 million	\$3.1 million

WORLD STOCK MARKETS

Prices in local currencies	High	Low	Close	Prev.
Amsterdam	123.50	123.30	123.50	123.50
Bombay	117.10	116.80	117.10	117.10
Brussels	117.10	116.80	117.10	117.10
Copenhagen	117.10	116.80	117.10	117.10
Helsinki	117.10	116.80	117.10	117.10
London	117.10	116.80	117.10	117.10
Madrid	117.10	116.80	117.10	117.10
Manila	117.10	116.80	117.10	117.10
Mexico	117.10	116.80	117.10	117.10
Milan	117.10	116.80	117.10	117.10
Montreal	117.10	116.80	117.10	117.10
Oslo	117.10	116.80	117.10	117.10
Paris	117.10	116.80	117.10	117.10
Rio de Janeiro	117.10	116.80	117.10	117.10
Sao Paulo	117.10	116.80	117.10	117.10
Seoul	117.10	116.80	117.10	117.10
Singapore	117.10	116.80	117.10	117.10
Sydney	117.10	116.80	117.10	117.10
Taipei	117.10	116.80	117.10	117.10
Tokyo	117.10	116.80	117.10	117.10
Wellington	117.10	116.80	117.10	117.10
Zurich	117.10	116.80	117.10	117.10

Metallgesellschaft Returns to Profit, But Sales Fall 9%

valued it at around 443 million francs while the International Paper offer amounted to 385 million francs.

InterTech conditioned its bid on receiving at least 50.1 percent of Holvis shares and said that taking over Holvis would be an "excellent strategic acquisition."

International Paper has said that acquiring Holvis would double its nonwoven-fabric division and strengthen its distribution network in Europe. Nonwoven fabrics are used for products such as disposable diapers, wiping cloths and operating masks.

A spokesman for International Paper said the InterTech bid "doesn't come to us as a surprise," and that his company was evaluating its options and looking for more details the InterTech offer.

Mr. Zornstein said Holvis and its adviser, Morgan Stanley & Co., had talked with about 10 European and U.S. companies since International Paper made its offer on April 24.

Den Norske Competing For Vital

Compiled by Our Staff From Dispatches

OSLO — Den norske Bank AS, trying to prevent a Dutch takeover of a leveraged offer of \$1 billion, has offered Monday to buy Vital for \$1 billion. The offer, for sinking AS, which had agreed to be acquired by Aegion NV,

Den norske said its bid, at 110 kroner a share, valued Vital at 2.96 billion kroner (\$467.7 million). Aegion this month announced an agreement to acquire Vital for 194 million guilders (\$438.5 million).

The banking concern's chief executive, Finn Hvesthagen, said, "It was our intention that Vital's board accepted the Aegion bid, but our bid is higher."

The bank currently owns 9.7 percent of Vital, and its pension fund holds 1.8 percent.

Investor's Europe

**Frankfurt
DAX**

**London
FTSE 100 Index**

**Paris
CAC 40**

Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	EOE	429.54	430.02	-0.11
Brussels	Stock Exchange	7,696.36	7,692.30	+0.06
Frankfurt	DAX	2,086.74	2,086.92	-0.49
Copenhagen	Stock Market	357.02	353.92	+0.88
Helsinki	HEX General	1,830.81	1,822.59	+0.45
Oslo	OBX	395.12	384.30	+0.06
London	FTSE 100	3,310.70	3,310.30	+0.01
Madrid	Stock Exchange	N.A.	297.49	-
Milan	MIBTEL	10,548.	10,499.09	+0.47
Paris	CAC 40	1,991.53	2,017.27	-1.28
Stockholm	SX 16	1,699.66	1,685.81	+0.82
Vienne	ATX	1,012.98	1,012.19	+0.08
Zurich	SPI	1,795.04	1,784.34	+0.60

record earnings for all of 1995. Analysts surveyed by the Swedish news agency Direkt expected Astra to earn 11.68 kronor in 1995, up from record 1994 earnings of 9.62 billion kronor.

■ **Swedish Bank Profit Falls in First Quarter**

Swedbank, Sweden's largest bank, said Monday its first-quarter operating profit fell 52 percent, to 813 million kronor, Bloomberg reported.

Last year, the bank reported first-quarter operating profit of 1.7 billion kronor, but that figure was inflated by a 1.58 billion kronor gain from the sale of 90 percent of Robur Kapitalförvaltning AB, an investment company.

Swedbank, also known as Sparbanken Sverige AB, said it would issue 60 million shares at a price of 53 kronor to 58 kronor in an initial public offering. The shares, which come from Swedbank's savings banks, represent 21.6 percent of its capital and votes.

STOCKHOLM — Astra AB, the Swedish pharmaceutical company, said Monday its first-quarter pretax profit rose 55 percent amid strong sales growth in global health-care markets.

Astra said profit before tax rose to 3.11 billion kronor (\$428.7 million) from 2,000 billion a year earlier. The company, best known for its anti-ulcer drug Losec, one of the world's best-selling drugs, said sales climbed 35 percent, to 8.65 billion kronor.

Revenue from Losec rose to 3.64 billion kronor from 2.24 billion kronor. Combined sales of Losec worldwide, including sales through Astra Merck in the United States, and through licensees rose 24 percent, to 4.9 billion kronor.

Strong sales growth for the company's asthma drugs buoyed earnings: sales of respiratory products rose 24 percent, to 1.73 billion kronor.

Analysts said the company was likely to post

However, fell 8 percent, to 9.6 billion DM.

Metallgesellschaft's 1994 stock in Metallgesellschaft AG surpassed 3.80 DM, or 16 percent, to 27.90 DM.

"Metallgesellschaft is on its way to being a normal company," said Karl-Josef Neukirchen, the company's chief executive. "And when I say normal company, I mean a company with no divisions in the red."

The company said operating profit totaled 100 million DM, compared with a loss of 1.75 billion DM a year ago.

Earnings improved in all seven of the company's divisions, including U.S. subsidiary, Metallgesellschaft Corp.

After total pretax losses of 4.5 billion DM in 1993 and 1994, Metallgesellschaft has been profitable since the beginning of the 1995 financial year. Mr. Neukirchen said 15 percent of the investment and cost-cutting had ended.

The company unwound its oil contracts in September 1994. Oil prices now represent "no significant influence on the company's financial position," Mr. Neukirchen said.

At an annual meeting in March, shareholders approved plans to reorganize the metal company's capital base and to raise at least 600 million DM in fresh equity.

Den norske said its offer was subject to regulatory clearance and would be contingent on winning 90 percent of Vital.

Mr. Hviistendahl said the offer had the support of the investment bank, the Norwegian Bank of Norway, the Norwegian government and 72 percent stake in Den norske Bank.

Den norske said Vital was Norway's second-largest life insurance company and had a strong position in the pension savings market. The bank said that in Norway, the proportion of personal savings kept at banks fell from 50 percent in 1984 to 44 percent in '93, while the share of investments in insurance companies edged up to 24 percent from 23 percent and was expected to rise. (AFX Reuters)

Reduced Spending Dents French Growth

Compiled by Our Staff From Dispatches

PARIS—Christian Blanc, the chairman of Air France, will temporarily replace the outgoing chairman of the carrier's Air Inter domestic subsidiary, a spokesman said Monday.

At a shareholders meeting, Mr. Blanc said that he was prepared to renege on a plan involving the loss of about 600 jobs at Air Inter. The plan called for the merger of the European activities of the state-owned Air France with Air Inter.

Mr. Blanc will step in for Michel Bernard, who quit last Friday, until a new transportation minister is named, the spokesman said. A new government is expected to be named Wednesday by Jacques Chirac, the president-elect of France.

Mr. Blanc said Air France would not absorb Air Inter. He also ruled out a split between the two, noting that a sale of Air Inter to a foreign competitor would relinquish a guarantee for employees' future.

Employees have staged numerous strikes during the past two months to protest the plan that would eliminate 600 jobs during 1995 and 1996. Analysts said the labor unrest led Mr. Bernard to resign.

(AP, AFP)

PARIS — French economic growth is likely to be slower than expected during the first half of 1995 due to weakness in consumer spending, said France's national statistics institute, INSEE, on Monday.

INSEE also forecast that unemployment, a central issue facing the country, would fall very slowly and was likely to weigh in at about 12 percent at the end of June, compared with 12.2 percent at the end of March.

France's new government is expected to be named this week after President-elect Jacques Chirac succeeds François Mitterrand as president on Wednesday.

In its regular economic outlook, INSEE said it was trimming its growth forecast for the first half of 1995 to 1.6 percent from a

principle change was in household spending, which it saw growing by 0.8 percent in the first half of the year, compared with a previous estimate of 1.2 percent.

But it said consumer spending would rebound in the second quarter, helped by a rise in car purchases before a government subsidy on trading in old cars for new terminates at the end of June.

Many economists have said France's recovery is slowing and have expressed skepticism on whether the government's 1995 growth forecast of 3.3 percent can be met. But some said they were awaiting details of a revised mini-budget for 1995 — due to be unveiled by the new government before July — to make a more informed assess-

■ **Germany Lowers Growth Forecast**
Germany has cut its forecast for economic growth next year to less than 3 percent from 3.5 percent, Finance Minister Theo Waigel said Monday. Bloomberg Business News reported from Wiesbaden.

"At the moment we're estimating economic growth for 1996 at slightly below the 3 percent expected for 1995," Mr. Waigel said. That compared with the government's recent forecasts, along with those of independent economists, of 3.5 percent growth in 1996 over 1995. Germany's economy last year expanded by 2.9 percent.

Mr. Waigel said there was "no reason for pessimism" about the German economy, despite the likely impact of the weak

INTERNATIONAL FUTURES

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	High	Low	Close	Chgs	Open		High	Low	Close	Chgs	Open
EURODOLLARS (CMR) in millions at 100 cmt						UNLEADED GASOLINE (MMR) in gallons per cent per gal					
Jun 95	92.910	92.850	92.910	-	10 399.00	Jun 95	64.95	63.45	64.90	-1.23	63.64
Dec 95	92.910	92.850	92.910	-	20 270.04	Dec 95	64.95	63.45	64.90	-1.23	63.64
Mar 96	92.910	92.850	92.910	-	50 212.92	Mar 96	62.90	62.90	62.90	-0.78	62.90
Jun 96	92.910	92.850	92.910	-	40 205.07	Jun 96	62.90	62.90	62.90	-0.78	62.90
Aug 96	92.910	92.850	92.910	-	40 186.18	Aug 96	62.90	62.90	62.90	-0.78	62.90
Sep 96	92.910	92.850	92.910	-	40 186.18	Oct 96	62.90	62.90	62.90	-0.78	62.90
Dec 96	92.910	92.850	92.910	-	50 132.95	Est. volume	25,538	21.30	20.97		
Mar 97	92.910	92.850	92.910	-	101 129.59	Fri's open	117.512	101.48			
Fri's open	2,531.182	124.732	64.032								
BRITISH POUND (CMR) 1ster pound = 100 pence						GASOL (JPY) U.S. dollars per metric ton of 160 lbs					
Jun 95	1.5750	1.5558	1.5710	+36	28.779	Jun 95	125.20	149.75	132.25	+1.25	
Dec 95	1.5710	1.5558	1.5710	+37	744	Dec 95	125.20	149.75	132.25	+1.25	
Mar 96	1.5710	1.5558	1.5710	+37	744	Mar 96	125.20	149.75	132.25	+1.25	
Jun 96	1.5710	1.5558	1.5710	+37	744	Jun 96	125.20	149.75	132.25	+1.25	
Mar 96	1.5710	1.5558	1.5710	+37	744	Oct 96	125.20	149.75	132.25	+1.25	
Est. volume	1,571.0	1,555.8	1,571.0			Nov 96	125.20	149.75	132.25	+1.25	
Fri's open	29.736	309				Dec 96	125.20	149.75	132.25	+1.25	
CANADIAN DOLLAR (CMR) 1ster dollar = 100 cents						HEAVY CRUDE OIL (JPY) U.S. dollars per metric ton of 160 lbs					
Jun 95	72.74	72.36	72.68	-33	44.40	Jun 95	18.80	18.80	18.75	-0.25	
Dec 95	72.74	72.36	72.68	-33	44.40	Dec 95	18.80	18.80	18.75	-0.25	
Mar 96	72.74	72.36	72.68	-33	44.40	Mar 96	18.80	18.80	18.75	-0.25	
Jun 96	72.74	72.36	72.68	-33	44.40	Jun 96	18.80	18.80	18.75	-0.25	
Mar 96	72.74	72.36	72.68	-33	44.40	Oct 96	18.80	18.80	18.75	-0.25	
Est. volume	72.74	72.36	72.68			Nov 96	18.80	18.80	18.75	-0.25	
Fri's open	51.235	366				Dec 96	18.80	18.80	18.75	-0.25	
GERMAN MARK (CMR) 1ster mark = 100 pfennigs						SPOT COMP. INDEX (CMR) S&P 500					
Jun 95	2.065	2.061	2.063	+37	64.711	Jun 95	329.25	324.30	328.90	+1.45	194.939
Dec 95	2.065	2.061	2.063	+37	64.711	Dec 95	329.25	324.30	328.90	+1.45	194.939
Mar 96	2.065	2.061	2.063	+37	64.711	Mar 96	329.25	324.30	328.90	+1.45	194.939
Jun 96	2.065	2.061	2.063	+37	64.711	Jun 96	329.25	324.30	328.90	+1.45	194.939
Mar 96	2.065	2.061	2.063	+37	64.711	Mar 96	329				
Est. volume	2.065	2.061	2.063			Nov 96	329				
Fri's open	51.235	366				Dec 96	329				
JAPANESE YEN (CMR) 1ster yen = 100 sen						Stock indexes					
Jun 95	111.614	111.610	111.610	+44	63.793	Jun 95	329.25	324.30	328.90	+1.45	194.939
Dec 95	111.614	111.610	111.610	+44	63.793	Dec 95	329.25	324.30	328.90	+1.45	194.939
Mar 96	111.614	111.610	111.610	+44	63.793	Mar 96	329.25	324.30	328.90	+1.45	194.939
Jun 96	111.614	111.610	111.610	+44	63.793	Jun 96	329.25	324.30	328.90	+1.45	194.939
Mar 96	111.614	111.610	111.610	+44	63.793	Mar 96	329.25	324.30	328.90	+1.45	194.939
Est. volume	111.614	111.610	111.610			Nov 96	329				
Fri's open	70.975	1132				Dec 96	329				
SWISS FRANC (CMR) 1ster franc = 100 centimes						Stock indexes					
Jun 95	2.065	2.061	2.063	+37	64.711	Jun 95	329.25	324.30	328.90	+1.45	194.939
Dec 95	2.065	2.061	2.063	+37	64.711	Dec 95	329.25	324.30	328.90	+1.45	194.939
Mar 96	2.065	2.061	2.063	+37	64.711	Mar 96	329.25	324.30	328.90	+1.45	194.939
Jun 96	2.065	2.061	2.063	+37	64.711	Jun 96	329.25	324.30	328.90	+1.45	194.939
Mar 96	2.065	2.061	2.063	+37	64.711	Mar 96	329.25	324.30	328.90	+1.45	194.939
Est. volume	2.065	2.061	2.063			Nov 96	329				
Fri's open	51.235	366				Dec 96	329				
3-MONTH FRA (MMR) FRA 100 = 100 pence						CAC 40 (MMR) CAC 40 = 100 pence					
Jun 95	92.910	92.850	92.910	-	10 399.00	Jun 95	7028.50	1990.00	1990.00	-23.00	
Dec 95	92.910	92.850	92.910	-	20 270.04	Dec 95	7028.50	1990.00	1990.00	-23.00	
Mar 96	92.910	92.850	92.910	-	50 212.92	Mar 96	7028.50	1990.00	1990.00	-23.00	
Jun 96	92.910	92.850	92.910	-	40 205.07	Jun 96	7028.50	1990.00	1990.00	-23.00	
Aug 96	92.910	92.850	92.910	-	40 186.18	Aug 96	7028.50	1990.00	1990.00	-23.00	
Sep 96	92.910	92.850	92.910	-	40 186.18	Sep 96	7028.50	1990.00	1990.00	-23.00	
Dec 96	92.910	92.850	92.910	-	50 132.95	Dec 96	7028.50	1990.00	1990.00	-23.00	
Mar 97	92.910	92.850	92.910	-	101 129.59	Mar 97	7028.50	1990.00	1990.00	-23.00	
Fri's open	2,531.182	124.732	64.032			Fri's open	7028.50	1990.00	1990.00	-23.00	
INDUSTRIALS						Commodity Indexes					
Jun 95	104.00	102.85	103.33	-1.16	18.229	Jun 95	1.2320				
Dec 95	104.00	102.85	103.33	-1.16	18.229	Dec 95	1.2320				
Mar 96	104.00	102.85	103.33	-1.16	18.229	Mar 96	1.2320				
Jun 96	104.00	102.85	103.33	-1.16	18.229	Jun 96	1.2320				
Mar 96	104.00	102.85	103.33	-1.16	18.229	Mar 96	1.2320				
Est. volume	104.00	102.85	103.33			Nov 96	1.2320				
Fri's open	11.448	1.025				Dec 96	1.2320				
HEATING OIL (MMR) 1ster oil = 100 pence						Commodity Indexes					
Jun 95	50.25	49.25	49.61	-0.32	26.830	Jun 95	1.2320				
Dec 95	50.25	49.25	49.61	-0.32	26.830	Dec 95	1.2320				
Mar 96	50.25	49.25	49.61	-0.32	26.830	Mar 96	1.2320				
Jun 96	50.25	49.25	49.61	-0.32	26.830	Jun 96	1.2320				
Mar 96	50.25	49.25	49.61	-0.32	26.830	Mar 96	1.2320				
Est. volume	50.25	49.25	49.61			Nov 96	1.2320				
Fri's open	11.448	1.025				Dec 96	1.2320				
LIGHT SWEET CRUDE (MMR) 1ster oil = 100 pence						Commodity Indexes					
Jun 95	19.93	19.93	19.93	-0.28	6.610	Jun 95	1.2320				
Dec 95	19.93	19.93	19.93	-0.28	6.610	Dec 95	1.2320				
Mar 96	19.93	19.93	19.93	-0.28	6.610	Mar 96	1.2320				
Jun 96	19.93	19.93	19.93	-0.28	6.610	Jun 96	1.2320				
Mar 96	19.93	19.93	19.93	-0.28	6.610	Mar 96	1.2320				
Est. volume	19.93	19.93	19.93			Nov 96	1.2320				
Fri's open	11.448	1.025				Dec 96	1.2320				
NEW YORK TO BUY						Commodity Indexes					
Jun 95	1.735	1.671	1.736	+46	21.237	Jun 95	1.2320				
Dec 95	1.735	1.671	1.736	+46	21.237	Dec 95	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Jun 96	1.735	1.671	1.736	+46	21.237	Jun 96	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Est. volume	1.735	1.671	1.736			Nov 96	1.2320				
Fri's open	11.448	1.025				Dec 96	1.2320				
NEW YORK TO SELL						Commodity Indexes					
Jun 95	1.735	1.671	1.736	+46	21.237	Jun 95	1.2320				
Dec 95	1.735	1.671	1.736	+46	21.237	Dec 95	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Jun 96	1.735	1.671	1.736	+46	21.237	Jun 96	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Est. volume	1.735	1.671	1.736			Nov 96	1.2320				
Fri's open	11.448	1.025				Dec 96	1.2320				
NEW YORK TO BUY						Commodity Indexes					
Jun 95	1.735	1.671	1.736	+46	21.237	Jun 95	1.2320				
Dec 95	1.735	1.671	1.736	+46	21.237	Dec 95	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Jun 96	1.735	1.671	1.736	+46	21.237	Jun 96	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Est. volume	1.735	1.671	1.736			Nov 96	1.2320				
Fri's open	11.448	1.025				Dec 96	1.2320				
NEW YORK TO SELL						Commodity Indexes					
Jun 95	1.735	1.671	1.736	+46	21.237	Jun 95	1.2320				
Dec 95	1.735	1.671	1.736	+46	21.237	Dec 95	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Jun 96	1.735	1.671	1.736	+46	21.237	Jun 96	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Est. volume	1.735	1.671	1.736			Nov 96	1.2320				
Fri's open	11.448	1.025				Dec 96	1.2320				
NEW YORK TO BUY						Commodity Indexes					
Jun 95	1.735	1.671	1.736	+46	21.237	Jun 95	1.2320				
Dec 95	1.735	1.671	1.736	+46	21.237	Dec 95	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Jun 96	1.735	1.671	1.736	+46	21.237	Jun 96	1.2320				
Mar 96	1.735	1.671	1.736	+46	21.237	Mar 96	1.2320				
Est. volume	1.735	1.671	1.736			Nov 96	1.2320				
Fri's open	11.448	1.025				Dec 96	1.2320				
NEW YORK TO SELL						Commodity Indexes					
Jun 95	1.735	1.671	1.736	+46	21.237	Jun 95	1.2320				
Dec 95	1.735	1.671	1.736	+46	21.237	Dec 95	1.2320				

Northwest to Buy Foothill Group

NEW YORK — Norwest Corp., a financial services company, has agreed to buy the commercial lender Foothill Group Inc. for stock valued at about \$441 million, the companies said Monday.

The agreement calls for each share of Foothill common stock to be exchanged for 0.920 share of Norwest common stock and each share of Foothill preferred stock to be exchanged for 6.133272 shares of Norwest

NYSE

Monday's 4 p.m. Close
(Continued)

Symbol	Price
IBM	163 1/4
GE	28 1/4
AT&T	42 1/4
DU	36 1/4
PRG	24 1/4
W	48 1/4
AMT	22 1/4
GO	34 1/4
TRW	26 1/4
BA	38 1/4
GM	32 1/4
MS	28 1/4
WAL	24 1/4
WAT	22 1/4
WY	20 1/4
WZ	18 1/4
WV	16 1/4
WU	14 1/4
WT	12 1/4
WS	10 1/4
WQ	8 1/4
WP	6 1/4
WJ	4 1/4
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WO	1 1/4

Symbol	Price
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WT	12 1/4
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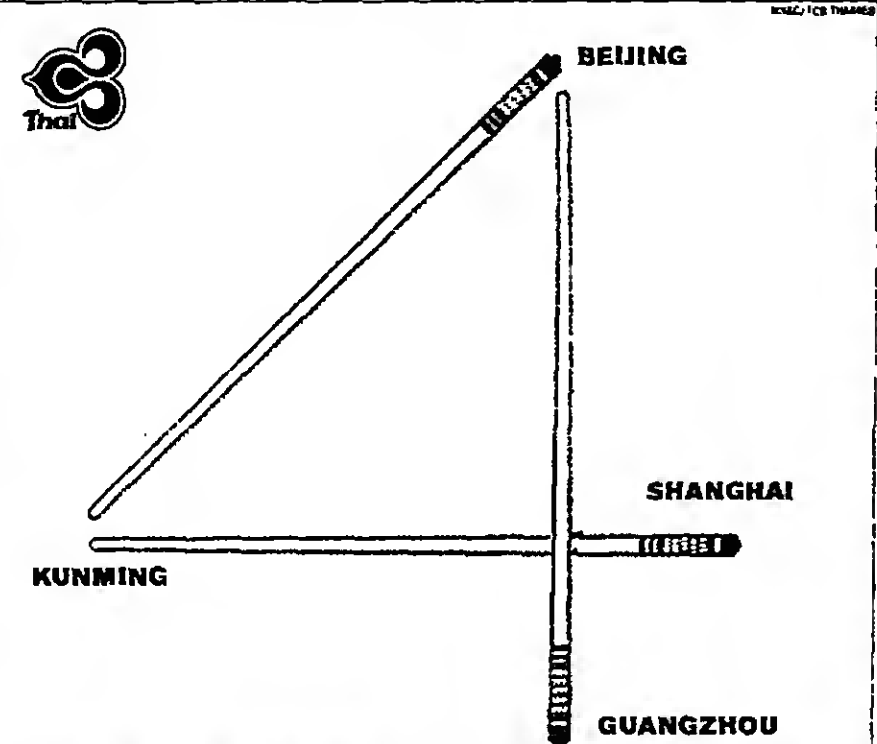
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Various advertisements and notices on the right margin, including a large vertical advertisement for a company with the name 'Rema' and other smaller notices.

Power Generation

Declining Dollar Aids U.S. Power Companies

By Richard E. Smith

PARIS — As the plummeting dollar jostles the world's markets and remaps national trade balances, there are a select few industries that have remained regally above the fray. The market for power generation equipment, where business cycles are measured in decades rather than in months and where contracts are often large enough to provoke diplomatic crises, has long been able to virtually ignore the highly volatile foreign exchange markets.

But the most recent drop of the U.S. currency has been so unexpected, so relentless and so difficult to understand that it has begun to worry even this bedrock industry.

"As a general rule, infrastructure manufacturers like Siemens are mainly engaged in long-term business that is less affected by short-term currency fluctuations," said Bernd Stecher, chief economist of Siemens AG. "Problems only emerge when the currency shifts turn out to be longer-term ones."

If the dollar is in fact settling to a fundamentally lower level, as the British pound did several decades ago, the power generation industry could undergo some profound realignments. The winners, at least in the beginning, would probably be the major U.S. players, General Electric Co. and Westinghouse Electric Corp.

"The short-term impact is that it would be easier for U.S. companies to gain contracts, and especially in the high-growth markets of Asia," said Bruce Humphrey, an energy analyst at Cambridge Research Associates in Cambridge, Massachusetts.

"On the equipment side in power generation, it makes the U.S. companies a bit more attractive," said Rebecca Mark, president and chief executive of Enron Development Corp., the unit specializing in foreign projects for Enron Corp., a Houston concern that is one of the world's largest assemblers of power plants.

Some analysts said that Westinghouse might get a special boost from the dollar. "Westinghouse is not as big as the others and there is a view that it is the smaller players that are going to be squeezed," said Simon Street, technology analyst at Bar-

clays de Zoete Wedd in London. "Westinghouse has had problems in the past but has now restructured. The dollar will give that company a long-term boost."

But analysts are also quick to point out that there are rarely clear-cut winners or losers in an industry that has such long cycles and so much time to respond to changes in the business environment. In a lower-dollar era, this would mean primarily that high-cost producers would shift more and more production to low-cost areas, notably the United States, if current trends continue.

The European giants — Siemens AG, ABB Asea Brown Boveri Ltd. and GEC Alsthom, the joint-venture engineering company owned by Alcatel Alsthom of France and General Electric Co. of Britain — have long fought with the continent's high-wage structures by moving facilities abroad. Further gains in their base currencies will give them all the more reason to do so and in the process dilute their identities as European companies, a process they seem eager in many cases to speed along.

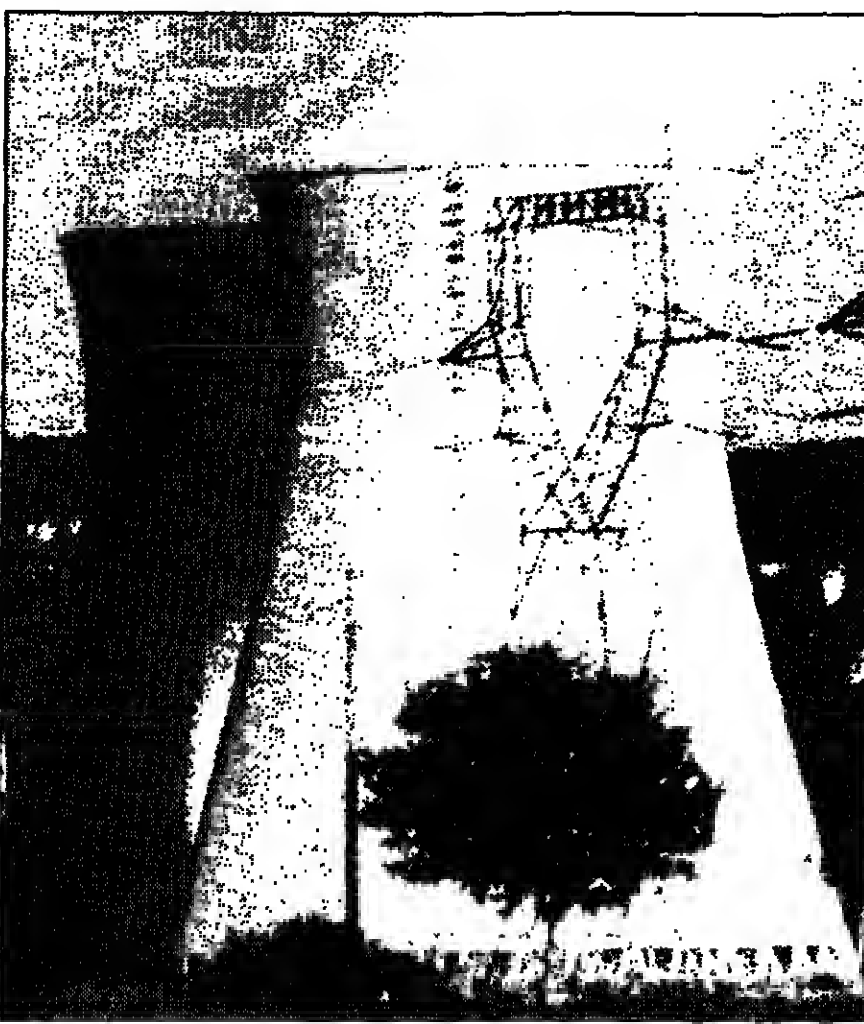
ABB Asea Brown Boveri, although the product of a Swiss-Swedish merger, has 22,000 employees in the United States, nearly as many as its 26,400 in Sweden and considerably more than the 13,400 based in Switzerland. For the past seven years the company's official language has been English.

"In power generation, we try to source a lot of project work in soft-currency countries," said Michael Robertson, spokesman for ABB Asea Brown Boveri. "We have factories in the Czech Republic and in Poland that help us to keep competitive, and we have extensive production in Sweden and Italy. In countries with high labor costs like Germany and Switzerland, we focus on capital-intensive products."

Mr. Stecher of Siemens spoke of his company's "policy of globalization" and said that it was continually trying to set up production as well as research and development facilities abroad to cut the overall impact of regional economic cycles and currency shifts.

Several officials at European companies noted that the U.S. prowess in elec-

Continued on Page 20



The CERN nuclear technology would create little radioactive waste.

Plan for Nuclear Reactor Without Nuclear Waste

By Barry James

GENEVA — A proposal to transform a particle accelerator into a nuclear reactor using virtually limitless supplies of thorium and producing very little radioactive waste has stood up to 18 months of theoretical and experimental testing.

Coming from most scientists, such a proposal might be dismissed as pie in the sky. This, however, is the brainchild of Carlo Rubbia, a physicist with a reputation for coming up with innovative ideas that work. He was a co-winner of the Nobel prize for physics in 1984.

Mr. Rubbia has been working on what he calls an "energy amplifier" since retiring as director-general of the European Laboratory for Particle Physics at Geneva, known by its French initials as CERN.

Turning thorium into fuel has long been a dream of nuclear scientists. A close relative of uranium, it has few industrial uses, yet exists in vast deposits, notably in Canada and India. To all intents and purposes, it could be considered an inexhaustible fuel if a way could be found to unlock its potential, according to Robert Klapisch, a colleague of Mr. Rubbia.

Thorium itself is not fissile, but under bombardment from neutrons it can be transformed into uranium 233, which is a highly fissile isotope of uranium. The problem is that in a conventional reactor,

thorium does not produce enough neutrons to sustain a reaction. Mr. Rubbia's solution is to supply the necessary neutrons using an existing type of particle accelerator called a cyclotron.

One major advantage of the proposed machine is that the nuclear reaction would stop as soon as the flux of neutrons was switched off, preventing Chernobyl-type accidents caused by the uncontrolled chain reaction of nuclear fuel.

Another advantage is that the machine would produce plutonium only in very small amounts as a by-product of fission. Computer models indicate that the energy amplifier would produce 10,000 times less long-lived waste than pressurized water reactors without reprocessing.

The chief objection to the plan comes from the inertia of the present, mature nuclear industry. Mr. Klapisch said governments and power authorities are too deeply committed to conventional nuclear reactors to want to invest heavily in an experimental technology.

The development of fusion technology holds out the prospect of limitless supplies of energy from renewable resources. This, however, still is decades into the future. The energy amplifier would seem to work based on only a "modest extrapolation" from existing technology, Mr. Klapisch said.

A study corroborated by the Labo-

Continued on Page 19

Controversy Flows Around Malaysian Dam Project

By Michael Richardson

KUALA LUMPUR — Imagine Southeast Asia's largest hydroelectric power project with a concrete retaining wall about twice as high as the Aswan dam in Egypt and a water reservoir, in what is now dense jungle, that will cover an area bigger than the size of Singapore.

For Mahathir Mohamad, Malaysia's prime minister, the Bakun hydropower project in the remote heart of the state of Sarawak is a milestone in an ambitious

program to make his country a fully developed industrial nation by 2020.

"This is a project whose time has come," he declared when announcing the award this year of a contract to Ekran Bhd., a Malaysian company with interests in construction, cables, timber, hotels and property development, to build Bakun at a cost of 15 billion ringgit (\$6 billion).

Felling of trees recently began in the Bakun reservoir area, which is several hundred kilometers up the Rajang River. Ekran plans to cut 17,000 hectares (42,000 acres) of rain forest this year, using the timber to pay for development work.

Malaysia's cabinet approved the dam in September despite environmental protests and doubts about its economic viability.

S. Samy Vellu, the energy minister, said that the project was justified by the country's soaring energy demand. Now at 14,000 Megawatts, national demand is forecast to reach 30,000 MW by 2020.

Bakun will generate 2,400 MW of electricity, enough to supply between 20 percent and 25 percent of Malaysia's projected consumption in 2002.

The government dismisses criticism that Malaysia should rely on its own oil and gas for power generation, arguing instead that

these non-renewable resources should be used for other purposes, including exports.

"Harnessing our vast hydro resources will enable our country to switch from depleting to renewable energy resources," Mr. Mahathir said.

Nonetheless, a number of Malaysian and foreign environmental groups continue to oppose the Bakun plan. They maintain it is an unnecessary and excessively expensive project that will seriously damage the environment.

Continued on Page 19

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POWER GENERATION / A SPECIAL REPORT

Germans Blow Hot and Cold About Use of Wind Power

By Douglas Sutton

HAMBURG — Power generation from windmills has made a dramatic leap forward in Germany in the early 1990s, making the country the leader in Europe in terms of overall wind-produced electricity and in terms of creating new technology.

Ecologists and environmental advocates who back non-polluting, renewable power sources generally say the development of this technology is great news.

Others, including nature lovers and some environmentalists, point out that windmills can create noise pollution, kill birds, scar the landscape, and generally create more bother than they are worth.

Since a federal law in 1991 began providing financial incentives to wind-generated power, Germany's installed wind capacity has jumped to 643 megawatts from just about 50 megawatts. Germany is now ahead of Denmark — with 539 megawatts — as the European leader in wind-generated power. (The world leader is the United States, with 1,600 megawatts of capacity.)

The debate over wind power is at its most furious in the northern state of Schleswig-Holstein, and in Hamburg, where expansion has been especially rapid and where ambitious plans exist for the construction of new facilities.

In an example of how, in a crowded country like Germany, competing interests fight over the use of land, tourism managers in Schleswig-Holstein say the spread of windmills is starting to deter visitors. When the Hamburg Electricity Works, known as HEW, released a list of potential sites for 40 more windmills, ecologists protested vehemently.

"Let me emphasize once again — we're all in favor of wind power," said Reinhard Grosch of the Environmental Protection Alliance in Hamburg. While he said he realized it was ironic to hear ecologists protest against windmills, "We

just don't think that sacrificing some of the last nature and recreational areas along the Elbe is worth it," he said.

"What the HEW is proposing to build would cover 0.08 percent of Hamburg's electricity consumption," Mr. Grosch said. "This is very little gain considering what is going to be lost." He said one proposed site is an area where the last of Hamburg's stork population breeds.

The argument in favor of birds has been used in Schleswig-Holstein, the state that has set the pace in wind-generated power.

A flat state that lies between the North Sea to the west and the Baltic Sea to the east, Schleswig-Holstein has enough wind to assure virtual year-round operation of windmills. Of Germany's 2,617 windmills, Schleswig-Holstein has 962, or more than one-third of the total. Wind generators currently provide about 4 percent of the state's electricity needs.

The state government has ambitious plans that could increase the number of wind generators to more than 2,000, providing up to a quarter of Schleswig-Holstein's electricity needs. Supporters of the program say that would allow the state to shut down one of its three nuclear power plants.

Officials at Schleswig AG, the state's main electric-power utility, say the company is caught in the controversy, and that the expansion of wind power is starting to cost the company big money.

Under the 1991 law promoting wind generation, electric utilities have had to pay a far higher rate to windmill parks feeding into the power grid. The current price for wind power is 17.28 pfennigs (12.6 U.S. cents) per kilowatt-hour, about 75 percent higher than the cost for conventionally produced electricity.

The higher rates, along with generous depreciation allowances, were designed to help investors in wind power earn returns more quickly. An investor who puts up 1.2 million Deutsche marks for a typical wind generator will recoup his or her investment in only

about eight years. But for utilities, buying the windmills' output is expensive.

"Last year, the extra costs to us from wind generation interests was 42.5 million DM," said Arndt Hellmann, a spokesman for Schleswig. This year, costs will increase by around 65 million DM, he said, adding, "We're starting to reach the critical limits of what we can afford."

MR. Hellmann noted that the state now has some 300 megawatts of capacity from windmills and individual windmill operators. To give an idea of the expansion ahead, he said, a further 1,812 megawatts of wind-produced capacity are now at various stages of planning.

"Our company is fundamentally in favor of wind generation," he said. "But now the question of who bears the cost has to be resolved."

For some people, the windmill controversy is a question of aesthetics.

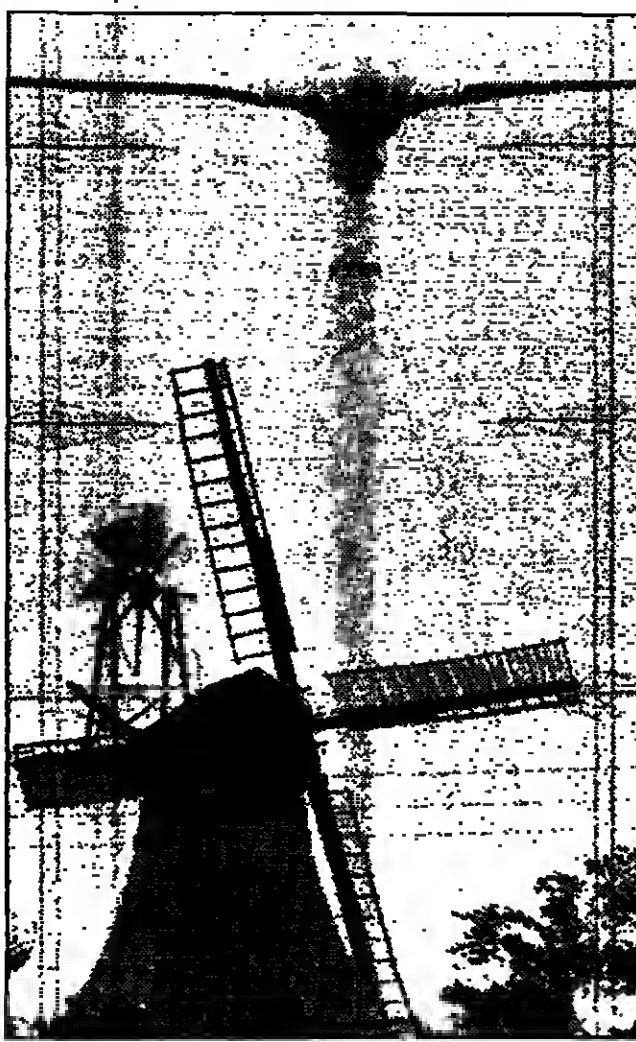
As windmills get bigger — those in the 500-kilowatt range, for example, have rotors measuring between 32 meters and 45 meters (105 feet to 145 feet) spinning atop concrete masts as tall as 100 meters — they scar the landscape and are too noisy, opponents say.

"We've even had complaints about windmills having a strobe-light effect on houses and villages, like in a discotheque," Mr. Hellmann said.

Tourism managers in some areas of Schleswig-Holstein say guests are starting to complain about the sight and sound of windmills in otherwise pastoral landscapes. Zoning regulations are starting to be examined by the courts.

All controversy aside, there is no doubt that German research is producing major advances in wind generation. Schleswig, for example, is running a hybrid facility that links wind power with solar power on the North Sea island of Pellworm.

DOUGLAS SUTTON is business-economics editor at the German Press Agency DPA.



Modern windmills aren't as picturesque as old ones.

Gas Becomes Fuel of Choice

By Laura Colby

PARIS — Not too many years ago, natural gas was considered a too-expensive resource, and one whose limited supply made it an infelicitous choice for generating power.

Now the situation has turned almost completely around.

According to the Paris-based International Energy Agency, natural gas is most economic fuel and thus the fuel of choice for new power generation projects. In fact, under one scenario outlined in the IEA's latest world energy outlook, natural gas would be the fastest growing fossil fuel between now and 2010, with demand increasing by about 2.5 percent per year.

What caused the change? In the United States, important new discoveries of reserves combined with a deregulation of the industry to lower prices and increase supply in the 1980s. Growing awareness of the environmental impact of power generation has also improved the outlook for natural gas.

According to the Worldwatch Institute in Washington, natural gas production and use has expanded worldwide in the late 1980s and early 1990s, and new pipelines under construction and exploration efforts are

expected to support the trend.

Natural gas is cheap, clean and plentiful, and new technology is continuing to improve its competitiveness to other fuels.

"Gas fuelled power plants have lower capital costs, are quicker to build, more efficient and emit less air pollutants than other fossil-fuel based plants," the Worldwatch report says.

But while methane gas is cleaner to burn than coal or oil, it does release greenhouse gases.

New technology is helping, such as the new gas turbines that General Electric Co. of the United States was to introduce at a trade show today in Amsterdam. GE claims that these turbines have achieved a net thermal efficiency of 58 percent and more than 60 percent — a level regarded as a milestone by the power generation industry.

Until now the most efficient combined cycle power plants in operation ran at 55 percent efficiency. Net efficiency is the percentage of energy actually recovered from fuel as electricity in power generation.

In a combined cycle power plant, gas and steam turbines are combined in a single process. The hot exhaust gases from the gas turbine, instead of being discharged into the atmosphere, are passed through a heat-recovery steam generator, which drives a steam turbine to

produce additional power.

GE's development of the new turbines is an example of the ongoing transfer of the company's aircraft engine technology to gas turbines. The compressor for the "H" model gas turbine was scaled up from GE's CF6 series aircraft engine compressor, for instance.

But unlike an aircraft engine, which can only use air for cooling, a combined cycle system has steam available, which — being at a lower temperature than the hot gases of the turbine — can be used more effectively to cool the turbine hot gas path. This "closed-loop" system has led to the improved efficiency and emissions performance of the new turbine, GE said.

"A few years ago, long-range forecasts indicated that the price of gas would rise significantly compared to other fossil fuels," said Richard Radice, product general manager for gas turbine combined cycle. But since then, he added, new discoveries and pipelines have significantly increased the available supply of gas, particularly in Europe, due to new pipelines from North Africa and the former Soviet Union that are expected to come on stream.

LAURA COLBY is on the staff of the International Herald Tribune.

Malaysia Plans Massive Dam

Continued from Page 18

Sarawak and displace nearly 8,000 indigenous jungle dwellers without adequate compensation.

The dam will have "tremendous effects on the lives of natives, plants and animals, and biodiversity of the pristine forests where it is going to be built," said Chee Yoke Lin, secretary of the Friends of the Earth Malaysia group.

Ekran's executive chairman, Ting Pek Khing said that natives living in the Bakun development zone would be resettled and given jobs at logging sites and timber factories, which will process logs cleared from the dam site, and that the natural habitat would be preserved as much as possible.

Abdul Taib Mahmud, Sarawak's chief minister — whose two sons are major shareholders in Ekran — has also promised that those displaced by the dam will be given help.

The suspicions of Bakun's critics have been intensified by a government decision to accept the environmental impact assessment commissioned by the company in three stages.

Part one, on the tree felling and reservoir construction, has already been approved. Parts two and three, dealing with the dam and the cable that will carry power from Sarawak to peninsular Malaysia, aren't finished.

"What if after the reservoir has been completed, the environmental impact assessment report for the dam is rejected?" asked S.M. Mohamed Idris,

president of Friends of the Earth Malaysia. "They are part and parcel of the same project and should be looked at as one."

Financial arrangements for the Bakun project and the price at which its electricity will be sold to the national grid remain to be negotiated.

But Mr. Ting of Ekran insists that a basic understanding is already in place on the financial package to pay for the dam. He said that a large portion of the money will be lent by the state-run Employees Provident Fund, Malaysia's compulsory pension program. The balance would come from banks.

MICHAEL RICHARDSON is editor for Asia of the International Herald Tribune.

Safe Nuclear Power?

Continued from Page 18

raire d'Economie de l'Energie in Grenoble, France indicates that the price per kilowatt-hour would be slightly more expensive than electricity produced by French nuclear power stations, but cheaper than most other sources, including German nuclear reactors, coal or gas. At the same time, the process would bring huge advances in safety and environmental protection.

The big question is, does it work? Mr. Rubbia's theory has been tested with advanced computer modelling

techniques. Experiments at CERN demonstrated that the method effectively produces more energy from fission than it consumes.

Mr. Rubbia's team at CERN is cooperating with other groups engaged in accelerator-driven fission to produce a report for the International Atomic Energy Agency on the use of the method to produce energy and destroy nuclear wastes. It also hopes to prepare a feasibility report on a pilot energy-production facility this year.

BARRY JAMES is on the staff of the International Herald Tribune.



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POWER GENERATION / A SPECIAL REPORT

Western Utilities Seek Growth Abroad

By Joseph Fitchett

PARIS — Suddenly seeking new horizons beyond its national borders, Electricité de France, the French national power company that is often viewed as a stodgy state-owned monopoly and the last bastion of nuclear-generated electricity, has set its sights on becoming your local utility, too.

The idea is not to export electricity; EDF already does that across Europe, thanks to power generated in cheap abundance by its nuclear reactors.

Now EDF is looking farther afield: it wants to team up with other utility companies to build and operate power systems all over the world.

For example, EDF has become the lead company in the main Buenos Aires utility since the Argentine government partially privatized the old power monopoly.

For Gilles Ménage, the head of EDF, it is a natural step for successful Western utility companies, including his own state-run monopoly, to venture abroad. "It is a general trend in all our countries because utilities face the same outlook of flat economic growth and therefore flat demand for electricity in our domestic markets," he said in an interview.

So, as their revenues pile up with no outlook for domestic investment in new power-generating facilities, Western utilities can buy into emerging markets.

The surging demand for power in de-

veloping countries translates into a need for \$1 trillion worth of investment in the next 20 years — plus technical and financial expertise to make the utilities work.

A key change opening the door to Western interest in developing countries has been a shift away from local monopolies and a recognition that private companies are needed to provide the power for growth.

But it is a challenging frontier. John B. Wing, a partner in the U.S. company, Wing-Merrill Group, makes the point that "you have to go where you know you have strong support top to bottom" because the country has recognized that it needs reliable power.

Mr. Ménage agrees. "Electricity is also a political business, because if you cut off the power, you're cutting off something as basic as cooking."

In Buenos Aires, EDF had to grapple with a legacy of social dissatisfaction that promoted widespread avoidance of bill-paying. The French company has sought to straighten out that situation by raising the level of public esteem for reliable service.

Beyond these political sensitivities, this new market's size and risks make the prospect of going it alone too daunting for any company, even EDF, generally considered the world's largest utility.

In its quest for partners, EDF has developed a special interest in U.S. utilities, now that regulatory changes allow them to invest abroad for the first time.

Because private American utilities have

captured customers, it was considered wrong for them to use their revenues for what might be considered speculative purposes until the 1992 Energy Policy Act eased the restrictions on so-called non-regulated business.

Japan still bans its utility companies — which command the biggest markets and have the largest capital reserves in the world — from foreign investment.

U.S. regulators still try to make sure that the risks of international ventures are borne by a power company's shareholders, not its customers. EDF, which faces no such regulatory restraints, has seized the initiative in this area, even though none of these takeovers involve nuclear energy, which is EDF's specialty.

One of the attractions of U.S. partners, Mr. Ménage said, is their familiarity with some technologies that comparatively new in France, including co-generation and clean coal.

As a result, EDF has teamed up with U.S. companies on several Latin American projects, but so far these U.S.-French joint ventures have only won the bidding in Argentina, where EDF's partners include the investment bank, J.P. Morgan.

Elsewhere, EDF's international portfolio is growing fast, including clean-coal power plants in Spain and Portugal and joint ventures with local companies in Sweden and Italy.

JOSEPH FITCHETT is on the staff of the *International Herald Tribune*.

Turf Battles Erupt for New Business

AS the market for power generation equipment shifts to the developing world, the turf fights are getting nastier for the few remaining premium markets.

The dream project — hard-currency payment, familiar customers, no strings attached — is becoming a rarity. The pattern instead is for customers in China, India and other developing countries to demand financial and technical assistance.

So when a major new project is on the auction block in a developed country, tensions run high. Eastern Germany, probably Europe's fastest-growing regional economy backed by one of the world's strongest currencies, has become the most visible battleground at the moment.

Both General Electric Co. and Westinghouse Electric Corp. felt that recent bids had little chance in what they felt was an essentially closed market, and the U.S.

government launched a high-volume campaign to back up their complaints.

Jeffrey E. Garten, the U.S. undersecretary of commerce for international affairs, said during a recent trip to Europe that contracts of \$40 to \$50 billion were at stake in Germany and that German domination of its market "would be a very big problem for the United States."

"European Community legislation is making these markets more open to competition and companies that have not been major participants, like the American companies, are testing the waters," said Simon Street, a technology analyst for Barclays de Zoete Wedd in London.

Since slowing economies in North America and Western Europe present so few opportunities, each country has become all the more suspicious of willingness in others to accept outside bids for

infrastructure that usually involves high political and financial stakes.

"The companies in Germany are naturally anxious to bid on projects in their own country, but it is also difficult for Siemens to break into the telecommunications market in the United States," said Johannes Ries, an analyst at Commerzbank in Frankfurt.

Analysts say that the companies will at least be cushioned by the volume of business on offer in the developing world.

"The main point for the big four — ABB, GE, Siemens and GEC-Alsthom — is that there should be enough business around the world for all of them as long as they cut costs and seek entrance to the big markets in China and India," Mr. Street said.

Richard E. Smith

Britain Is No Longer a Model Case

By Barry James

LONDON — What was once billed as a model for utility privatization is proving in Britain to be a public relations shambles.

Fat bonuses and paychecks for the executives, large-scale layoffs in the industry, increasing bills, and what is perceived as a deteriorating level of service have combined to swell public anger both against the companies and the government.

Even shareholders are unhappy after a threat to make the companies hand back some of their windfall profits sent share values plunging. What got them even more riled was the fact that the government sold its 40 percent stake in the two main generating companies the day before the industry's regulator, Stephen Littlechild, made the threat in March.

Long before that happened, however, the executives of the electric companies, in common with those of other privatized utilities, were able to reap huge profits by cashing in the options they received — for less than market value — when the shares were first issued.

Philip Burns, an economist at the Center for the Study of Regulated Industries in London, said the government had displayed "amazing generosity" to the industry by selling it cheap and imposing only weak controls on prices. As a result, profits in the sector rose 108 percent between privatization in 1990 and last year, while productivity inched up by a meager 2.5 percent a year.

Prices have come down in real terms

since privatization by less than 2 percent, compared with far bigger reductions in the gas and telecommunications industries.

But Mr. Burns said the bonanza now seems to be over, with Mr. Littlechild determined to make the industry return some of its profits to consumers, either in the form of an immediate refund or by steeply reducing prices.

This would be on top of regulatory measures announced last August, when the industries were told to reduce prices by as much as 18 percent starting in April, and to hold future price increases to inflation minus two percentage points.

Analysts say the crackdown might not have been necessary had it not been for the all-too-apparent display of wealth in the first years of privatization.

The opposition Labour Party has been scoring points off the government by attacking what the shadow Chancellor of the Exchequer, Gordon Brown, called the "corporate greed" of the utilities' bosses. Even Sir Richard Greenbury, the chairman of a committee set up by the Confederation of British Industries to draw up a pay code for senior managers, has conceded that a real problem has been created by what he called greedy executives in the privatized industries.

In trying to put a cap on prices, however, Mr. Littlechild has made it clear that he does not intend to interfere with boardroom pay at the utilities.

The senior managers of the two electricity generating companies, National Power and PowerGen, were reported recently to have amassed shares and options worth £23 million.

Iain Vallance, the head of British Tele-

com, who earns £660,000 a year apart from his bonuses, created an outcry when he called such settlements "distributive justice," and claimed that he worked harder than the over-burdened hospital doctors in the National Health Service.

Britain has moved faster and faster than any country in Europe to hand over its state-owned industries to the private sector. The main criticism is that the government was so concerned about transferring ownership that it paid inadequate attention to the competitive aspects.

In the electricity industry, productivity improvements have come about through layoffs, not through changes in operating methods. Employment in the industry fell from 143,000 at the time of privatization to 116,000 in 1993. The generating companies halved jobs from 24,500 to 11,900 over the same period.

SOME critics have asked why, if over-staffing was so blatant, did the executives of those companies reward themselves so handsomely after privatization for failing to manage the industry adequately when it was still in public hands?

"For the executives now to pay themselves large salaries for doing what they failed to do before privatization is bad enough," said Simon Jenkins, the editor of *The Times*. "To claim capital gains which were formerly denied to taxpayers is truly rich."

The trouble is, Mr. Jenkins said, is that the industries "have not been truly privatized," because there has been no proper attempt to make them competitive nor to impose market disciplines.

Declining Dollar Aids U.S. Suppliers

Continued from Page 18

tronics gave them incentive to source much of this crucial technology in that country and that the lower dollar made Silicon Valley and the other high-tech U.S. centers steadily more attractive.

A shifting dollar would complicate conditions in a market that already stands on the threshold of a major geographic shift.

The power infrastructure of the rich markets of North America and Western Europe are now largely in place and, aside from replacement, the market for equipment is close to saturation. But this does not mean that world demand for energy is shrinking, since East Asia and the Third World will require vast amounts of energy to industrialize and move into the high-tech era.

The International Energy

Agency predicted in a recent report that the countries of the Organization for Economic Co-operation and Development, which are the major industrialized powers and currently consume up to 55 percent of the world's energy, will be absorbing less than half of the total by 2000. The emerging economies, and especially China and India, will be the new sites for bulk infrastructure construction.

This presents a strong and steady market for the power generation equipment industry but a more complex one.

In the past, most buyers were in industrialized countries where payment was usually in hard currency on market terms and where buyers had the expertise to take over operation of the plant as soon as it was installed. In the new markets, buyers increasingly need soft loans as well as long-term on-site assistance in running the plants.

"Companies are under more and more pressure to come up with creative financing packages and commitments to help run the plants," said Erich Unterwiesingh, an economist in the Paris unit of Econ-Energy, a Norwegian energy consultancy. "Some companies are willing to stay for 10 years to help run a plant or as long as necessary to pay for the investment."

THE shift of business volume to developing countries also forces companies to deal more regularly with political risk.

Enron was shaken recently, for example, when an opposition party assumed power in the state of Maharashtra in India and decided to review a contract for a major project that had already been agreed. Although the company says that payment is guaranteed by the state no matter

what the local government decides, the conflict highlights the uncertainty of the new markets.

China has also struck a demanding tone recently in a debate with Western companies about the rate of return they should expect from power investment in general. In a dispute likely to become a major fault line between sellers of technology and developing states, the companies said they must be rewarded for the risks of pioneering new regions, while China's power authorities question whether the risks are so great. Those authorities can command considerable attention, since they hold the key to what will indisputably be the largest single market for power generation equipment in the coming decade.

RICHARD E. SMITH is on the staff of the *International Herald Tribune*.



EXPLORING THE FLOW.

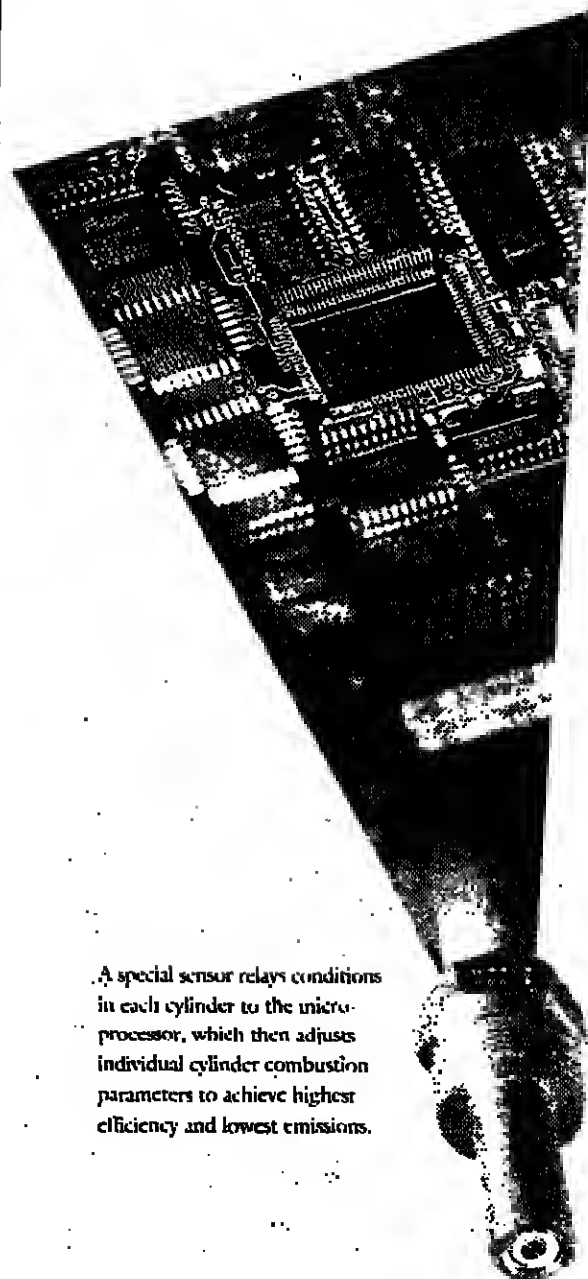
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TUESDAY, MAY 16, 1995

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Kenya's Athletes Threaten Boycott

NAIROBI — Several top Kenyan athletes have threatened to boycott this year's World Championships and All Africa Games to protest the firing of the country's head coach, Mike Kogei.

The athletes, who met in the northwestern town of Eldoret over the weekend, said they would not compete in the World Championships in Gothenburg or the All Africa Games in Harare if Kogei is not reinstated.

"We have considered Kogei's sacking and see a boycott of the two events as a sure way to get heard," the long distance runner Moses Tanui said Monday by telephone from Eldoret.

Those who met in Eldoret, a town in the Rift Valley that is the cradle for Kenyan athletics, included the Olympic 800-meter silver medalist Nixon Kiprotich and the Olympic 3,000-meter steeplechase champion, Matthew Barr.

Among the others were Peter Rono, the 1,500-meter gold medal winner in Seoul, Sammy Kosege, Lucas Sang, William Koech and Kipkemboi Cheruiyot.

Tanui and Kiprotich said they were asking other Kenyan athletes in Europe and the United States to back their demands.

Tanui said the runners also felt that the current officials of the Kenya Amateur Athletics Association had to be removed if the quarrel between athletes and administrators was to be resolved.

Association officials made no comment on the new threat. Its chairman, Isaiah Kiplagat, in a statement issued Saturday, said Kogei's services were

no longer needed and that the KAAA would recommend that the government use him instead in a program to instruct other coaches in the country-side.

Kogei was removed as Kenya's head athletics coach last week for criticizing the way the sport has been run in his country.

Before he was fired, Kogei had spoken out about the dependency among Kenyan athletes, who, he said, were under-performing. He said their problems needed to be addressed.

The Daily Nation, Kenya's leading newspaper, also called for Kogei's reinstatement in a special commentary, and described him as the most successful cross country and long distance running coach in the world.

"The KAAA has sacked head coach Mike Kogei for the wrong reasons and at the wrong time," the newspaper said. "Kogei's mistake was to criticize the KAAA over its failure to address the issue of declining standards. His was just one small voice."

"While the KAAA and Kogei are trading words, it is no secret that the problems afflicting athletics are many and need urgent solutions. The KAAA should address all the problems pointed out by Kogei and look for a way to revitalize athletics' morale."

Previously, top Kenyan athletes and the sport's officials have clashed over money. The athletes say the KAAA wants a share of their earnings from meets on the European circuit but has done little to promote the sport at home.



Shaquille O'Neal stopped B.J. Armstrong, but was stymied himself by double-teaming.

Spurs Take 3-1 West Lead, Bulls Pull Even With Magic

The Associated Press

The San Antonio Spurs didn't need Dennis Rodman to win, but the Chicago Bulls did need Michael Jordan.

Rodman was benched by the Spurs coach, Bob Hill, because he did not join a timeout huddle in Game 3. David Robinson, however, made up for the enigmatic forward's absence with 26 points and 22 rebounds Sunday as the Spurs beat the Los Angeles Lakers, 80-71. That gave San Antonio a 3-1 lead in the Western Conference semifinals, and Phoenix also pulled ahead, 3-1, with a 114-110 triumph over defending NBA champion Houston.

The Bulls pulled even after four games against the Orlando Magic with a 106-95 triumph at Jordan, after a scoreless first quarter, finished with 26 points. Scottie Pippen scored 24 and B.J. Armstrong 18 for Chicago.

He's more intent on getting everybody else involved," the Bulls coach, Phil Jackson, said of Jordan. "We talked about letting it come to him within our scheme."

Terry Cummings replaced Rodman in San Antonio's starting lineup and had six points and nine rebounds. J.R. Reid, who also played in Rodman's forward spot, had all but one of his 15 points in the second half, when the Lakers scored only 32 points.

"It was a disciplinary move," Hill said of the decision to not start Rodman. "I was going to use him if we had needed him. I had a quick discussion with the staff at one point in the third quarter. We just didn't need him."

Sean Elliott said Rodman has not been a distraction because "we've been through it before. It's the playoffs, it's not good. But we can't sit here and cry like babies. It doesn't bother me. If it's a situation that gets the team down, you get upset. If this was two or three years ago, the team would have disintegrated."

After being replaced in Game 3, Rodman took his shoes off, wrapped a towel around his head and proceeded to be down at the end of the bench. Often, he wasn't even paying attention to the game.

"There's a lot of things I do that people take out of context," Rodman said. "I just go with the flow. I'm not your average basketball player, that lets everything affect me."

The Spurs and Lakers combined for 151 points, the NBA's second-lowest scoring playoff total since the shot clock was introduced in 1954. In 1955, Fort Wayne beat Syracuse, 74-71.

The Lakers got only 27 field goals, a playoff low, from 75 shots, and their 71 points matched a team playoff low.

Asked about Rodman's status for Game 5 in San Antonio on Tuesday night, Hill said: "We'll get on the plane and digest what happened. Dennis doesn't hold grudges and neither do I. We'll re-evaluate the situation."

Viade Divac led the Lakers with 14 points, but had only three rebounds.

The Lakers outscored the Spurs, 10-4, in the first seven minutes of the third quarter to trail by just 50-49.

But that was as close as the Lakers would get. The Spurs scored the next 11 points — eight by Reid — to make it 61-49, and they led by at least seven the rest of the way.

Orlando was hurt by 22 turnovers and sub-par offensive games from Shaquille O'Neal and Nick Anderson.

O'Neal, bottled up by the double-teaming Bulls, finished with 17 points, managing just five field goals. Anderson,

whose scoring and defense on Jordan helped the Magic win Games 1 and 3, scored 11 points on 2-for-11 shooting, while Antwan Hardaway was 6-for-17 for 16 points.

Horace Grant continued to play well against his former team, with 21 points and 13 rebounds for the Magic, while Dennis Scott added 20 points.

Orlando trailed, 59-48, at halftime, but Grant scored eight points during a 19-8 third-quarter spurt that pulled the Magic into a 67-67 tie.

Jordan's steal and breakaway slam, a 3-pointer by Armstrong and six free throws in the final two minutes allowed the Bulls to regain an eight-point lead with a quarter left.

Chicago led by nine early in the fourth period before the Magic pulled within four. A 3-pointer by Kukoc with 1:30 left practically sealed the outcome.

Kevin Johnson scored a career playoff-best 43 points as the Suns rallied from a 15-point deficit in the third quarter and a seven-point deficit in the final 4:41 in Houston. Charles Barkley, who had five points on 0-for-10 shooting in Saturday's loss to the Rockets, scored 19 of his 26 points in the first half.

The Rockets held a 78-63 lead with 6:44 left in the third quarter. But Johnson found the range, and the Suns, with a 28-10 run, took a 91-89 lead into the fourth quarter.

"That's what basketball is all about," Johnson said. "It was easy. We looked at the scoreboard and we were down by 15 and then we went on a run and we were back in it before long."

The Rockets took a 106-99 lead with 4:41 to play on a dunk by Mario Elie, but that was their last basket of the game.

Phoenix took the lead for good at 108-107 on Barkley's two free throws with 1:23 to go following a foul on Elie.

Hakeem Olajuwon scored 38 points and Clyde Drexler 22 for the Rockets, and Robert Horry had 17 rebounds.

San Antonio's Robinson and Rodman made the NBA all-defensive team announced Monday, along with Chicago's Pippen, Seattle's Gary Payton and Atlanta's Mookie Blaylock.

Pippen was the leading vote-getter with 46 points, followed by Payton (43), Rodman (35), Blaylock (32) and Robinson (27). The team was chosen by the NBA's 27 head coaches.

The second team consisted of Orlando's Grant, Indiana's Derrick McKey, Denver's Dikembe Mutombo, Utah's John Stockton and Seattle's Nate McMillan.

Time: David J. Phillip/Photo

Viade Divac had the best of the Lakers' bad game against Sean Elliott and the Spurs: only 14 points and 3 rebounds.

Time: David J. Phillip/Photo

Yugoslav Coach Says Divac

Will Play in Europe Games

The Associated Press

BELGRADE — Viade Divac, the Los Angeles Lakers' center, will play for the Yugoslav basketball team at the European Championships in Greece this summer, it was reported Monday.

If the Serbian-dominated Yugoslav team, as expected, wins a qualification tournament in Sofia to advance to the June 21-July 2 championships in Athens, it could face, for the first time, its toughest sports and wartime rival, Croatia, in the finals or semifinals.

"Divac has confirmed his participation at the championships," Yugoslav coach, Rajko Torman, was quoted as saying by the Vecernje Novosti newspaper.

"This is great encouragement for us since we're already seen as playing in the finals against Croatia," Torman said.

Yugoslavia's basketball team has won European, world and Olympic titles. Though unranked

ed Yugoslavia has only the two republics of Serbia and Montenegro instead of six, it still has considerable talent to draw on. Topping the list is Divac, the Serbian-born center of the Lakers in the National Basketball Association.

Yugoslavia also could rely on guards Predrag Danilovic and Alexander Djordjevic, now playing in Italy, and forwards Zarko Paspalj and Zoran Savic, who are playing in Greece.

Croatia's powerful team could include the Chicago Bulls' Toni Kukoc and the Boston Celtics' Dino Radja, although there have been conflicting reports about their participation in the European Championships.

Yugoslavia is considered the favorite to advance from the qualification-round games to be played in Sofia starting May 31. And in that tournament, Yugoslavia will face Bosnia-Herzegovina, another wartime rival.

Time: David J. Phillip/Photo

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Mansell's Criticism of Car Revives Doubts About His Future

BARCELONA — Nigel Mansell's severe criticism of the car built for him by the McLaren Formula One team was raising new doubts over his future Monday in the wake of Michael Schumacher's convincing victory in the Spanish Grand Prix.

The 41-year-old Mansell, who won the drivers' world championship with Williams in 1992, said his car was "virtually impossible to drive" in the fast- and medium-speed corners of the Circuit de Catalunya and refused to

answer questions about his future with the team.

Asked if he expected to see out the full year with McLaren, Mansell declined to comment. Instead, he asked if the interviewer knew what he would be doing next Friday. Told "yes, I do," Mansell shrugged and left the subject unanswered.

In Sunday's race, which put the victorious Schumacher back on top of the drivers' championship after four of this year's 17 races, Mansell went off the track twice, spun once and then decided not to continue.

His team boss, Ron Dennis, said: "This is a very disappointing day for the team as both drivers have failed to finish. Nigel had handling problems and chose not to continue."

Members of the McLaren team also declined to comment on the prospects of the Englishman's long-term relationship with McLaren, the team he joined on the eve of the current season after being rejected by Williams.

Mansell was highly critical throughout the weekend of his own "wide-bodied" MP4/10B Mercedes-powered car, which was built

especially for him after he could not fit into the original "A" car.

And after a long career, which brought him the Indy car World Series drivers' title in 1993, the year after he had won the Formula One world driver's title, many observers think he is now ready to quit rather than continue in an uncompetitive vehicle in the middle of the grid.

"There is something wrong with the front end," he said Sunday night. "I do not trust it and it does things I do not understand. I am not going out there in it to have an accident."

SIDELINES

Els Sets Record in Nelson Classic

IRVING, Texas (Reuters) — Ernie Els surrendered a three-stroke lead, then birdied four of the final six holes for a 68 that won the GTE Byron Nelson Classic on Sunday with a tournament record 17-under-par 263.

The U.S. Open champion carded only five bogeys in 72 holes, but three came in the first 11 holes of the last round. He finished three strokes ahead of D.A. Weir (65), Mike Heinen (66) and Robin Freeman (68).

• Kelly Robbins overcame a three-shot deficit over the last seven holes to win the PGA Championship by one stroke over defending champion Laura Davies. (AP)

For the Record

Carlos Queiroz, who had been offered the job as head coach of the U.S. national soccer team, signed a new three-year contract with the Lisbon club Sporting. (AP)

Next America's Cup Regatta: 1999

SAN DIEGO — The next America's Cup regatta won't be sailed until 1999-2000, according to Peter Blake, the head of the victorious Team New Zealand syndicate, because of the time needed to raise money and get facilities in place.

"That sounds like a long way off," Blake said. "But we're planning to run a big regatta every year for America's Cup boats to keep the profile going. I think it will be a regatta of excellence."

His country is also one of the stops for the 1997-98 Whitbread "Round-the-World Race,

in which New Zealand sailors, including Blake, have been heavily involved.

Blake estimated that his nation of 3.5 million people will need to spend about \$50 million for cup facilities in Auckland, including dredging and blasting to make the harbor deep enough for the boats expected and the land base big enough for competitors. Estimates so far run as high as 20 challenges, including at least four from the United States.

As host club, the Royal New Zealand Yacht Squadron is charging \$100,000 for each challenge bid, \$75,000 of which

will go to a special fund to support future syndicates.

And if 1999 seems a long way off, it appears that the New Zealanders already are prepared to tighten the rules.

Among proposals released Sunday by Team New Zealand was one to require that 1999 crew members, either challenger or defender, establish residency in the country they will represent at least three years before the event instead of the present two years. That would make it harder for paid professionals to skirt a century-old America's Cup nationality restriction.

The New Zealanders also want to get rid of the so-called "paper" yacht clubs that have cropped up in the last decade as a vehicle for a cup challenge bid. The new rules also prohibit competitors from going to court over any kind of America's Cup dispute.

The Royal New Zealand Yacht Squadron named the New York Yacht Club the challenger of record for the next competition. As challenger of record, the club will represent the interests of all challengers.

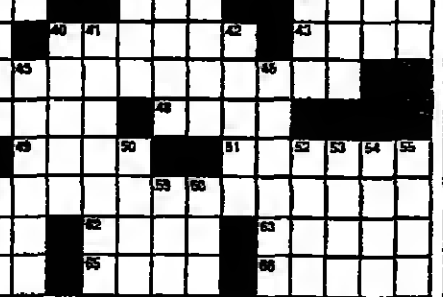
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22 Do art on glass
23 Luv
24 50's TV comedienne
25 Suspend
26 Oklahoma city
28 Flour-de-
29 Choir voice
30 Election winners
31 Golden-voiced Fitzgerald
32 "Agnus"
33 Yearly records
34 Kind of pad
35 50's TV comedian
36 Detail maps
37 Boot particle
38 — part (play on stage)
39 Envoy
40 Comedy sketch with 44-Across
41 "Do" — others
42 DNA component
43 Bears' places
44 Continue
45 Happy
46 Sgt. Bilko

47 Metric foot
48 Legend
49 "Lord Jim" writer
50 Fireman's equipment
51 Apiece
52 U.S.C.G. officer
53 — Dame
54 —
55 Choir voice
56 Giving up, as territory
57 Church songbooks
58 "If You Cry" author Betty
59 "Survive" (disco hit)
60 Test format, often
61 Shanties
62 Italian actor Tognazzi
63 Italian adverb
64 31-Down who's been to Mecca
65 "— and hungry look"
66 "Xanadu" rock group
67 Lesser star gear
68 Money put aside
69 — Sta. Marie
70 Allan's "Annie" half-sister
71 Addison associate Richard
72 Genesis brother
73 Tennis score
74 Actress Copely
75 Gaelic
76 Wine container
77 Veto
78 W.W. II base
79 Literary elfo
80 Grinace

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Solution to Puzzle of May 15

1 ISRAEL 2 FROST 3 BEARS 4 CONTINUE 5 HAPPY 6 BABY 7 SGT 8 DNA 9 PLOW 10 ATTIRE 11 VARSITY 12 ROSANNA 13 DO 14 STARTERS 15 LUV 16 FROST 17 COMEDY 18 PIZZA 19 ANNIE 20 INGREDIENT 21 ONCE 22 GLASS 23 LUV 24 COMEDienne 25 SUSPEND 26 OKLAHOMA 27 FLOUR 28 CHOIR 29 ELECTION 30 GOLDEN 31 FITZGERALD 32 AGNUS 33 RECORDS 34 PAD 35 COMEDIAN 36 MAPS 37 PARTICLE 38 PART 39 ENVOY 40 SKETCH 41 DO 42 COMPONENT 43 BEARS 44 CONTINUE 45 HAPPY 46 SGT 47 METRIC 48 LEGEND 49 LORD 50 FIREMAN 51 APiece 52 U.S.C.G. 53 DAME 54 55 CHOIR 56 GIVING 57 CHURCH 58 SONGBOOKS 59 IF 60 TEST 61 SHANTIES 62 ITALIAN 63 TOGNAZZI 64 ADVERB 65 BEEN 66 HUNGRY 67 XANADU 68 LESSER 69 MONEY 70 ALLAN 71 ADDISON 72 GENESIS 73 TENNIS 74 ACTRESS 75 GAELIC 76 WINE 77 VETO 78 W.W. 79 LITERARY 80 GRINACE

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